

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

AUGUST 1955



## How Bankers Feel About Business

(page 33)

## Savings Trend Still Sharply Up

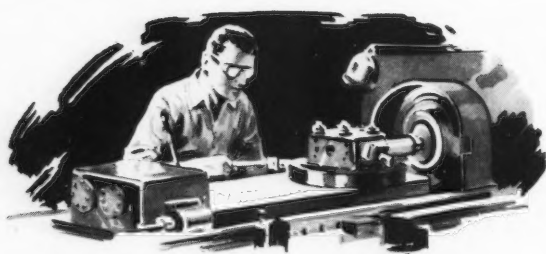
(page 48)

## ◀ The Bank Merger Hearings

(pages 3 and 36)



# Ready for an **EMERGENCY**



Today, in factories everywhere, safety engineers have worked wonders in eliminating industrial hazards. And yet — even in the most modern plants — a medical department is still necessary.

Why? Because workmen *still* get injured.

Today, too, strengthened internal controls and searching audits are protecting banks against employee dishonesty. And

yet — dishonesty losses are increasing both in size and frequency.

That's why hundreds of bankers — to be fully protected against financial loss from dishonesty — are now securing *adequate, well-planned Aetna Blanket Dishonesty Insurance.*

Programming such protection requires the skill and experience of your local Aetna representative. By consulting him, you can be certain that *your* bank has adequate and proper fidelity coverage.

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DISHONESTY INSURANCE**



**ÆTNA CASUALTY AND SURETY COMPANY**

*The Aetna Life Affiliated Companies write practically every form of insurance and bonding protection*

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Ætna Life Insurance Company

Ætna Casualty and Surety Company

FIRE AND MARINE

Automobile Insurance Company

Standard Fire Insurance Company

Hartford 15, Connecticut

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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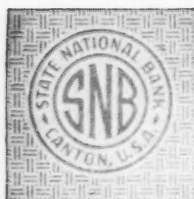
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A LA MONTE TRADE-MARK





## Just a Minute

### Two Surveys: Credit and Savings

WE bring you this month the reports on two important surveys.

One is the semiannual roundup by the A.B.A. Credit Policy Commission on the outlook for credit and business. It starts on page 33 under the title, "How Bankers Feel About Business."

The other, "Savings Trend Still Sharply Up" (page 48), presents the results of a survey conducted by the Savings Management and Operations Committee of the A.B.A. Savings and Mortgage Division. The committee reports, through Chairman John I. Millet, on the growth

in volume and average size of deposits, activity (especially withdrawals), and the rise in interest rates.

### Grassroots PR

SOMETIMES, you know, the public relations program is there, only you don't notice it.

A case in point is the incident related by Robert C. Forrey, executive director of the Pennsylvania Bankers Association's Educational Foundation.

"A banker in central Pennsylvania," said Bob, "asked me to talk with him about setting up a public relations program for his \$2,000,000



"Miss Figsby, would you mind typing this letter over?"

bank. We sat at his desk in the lobby, and as we talked about advertising he interrupted several times to wave to customers. Twice he got up from the desk and visited with former customers.

"Later he showed me a fine recreation room in the basement where the employees eat their lunch. He also said the bank makes the room available to community groups for evening meetings.

"Then he remarked, 'I don't un-

## BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

### THIS MONTH'S COVER

Participants in the bank merger bill hearings, left to right, H. E. Cook, chairman of the FDIC; Herbert Malitz, chief counsel to the House Anti-trust Subcommittee; L. A. Jennings, Deputy Comptroller of the Currency; and Rep. Emanuel Celler (D., N. Y.) chairman of the House Judiciary Committee and of the subcommittee. (See "Washington," page 36)



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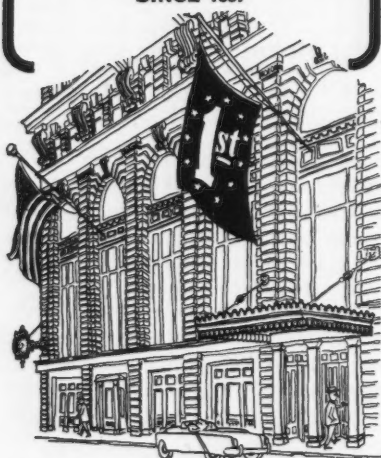
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THE BANKERS' BANK  
OF THE UPPER MIDWEST

# FIRST NATIONAL BANK OF MINNEAPOLIS

SINCE 1857



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CORPORATION**  
Offices in Principal Cities  
1501 Locust St.  
St. Louis 3, Mo.

derstand public relations, but I want to set up a program in the bank.' I told him he was already well on the way to a strong PR program, for he was doing a job on a personal basis with his customers."

## The Case of the Purloined Petunias

"BANK robberies," it says in this release from the East River Savings Bank, New York City, "are usually front page news, but not when petunias are being stolen."

(Well, ERSB, we don't have a front page, but your story is getting a right good position.)

The windows of the bank's office at 55 John Street, in the insurance district, have been graced by two flower boxes, one containing ivy, the other petunias. So many ivies were stolen that their box was converted into a bench. Petunias disappeared, too, but the bank patiently set out replacements.

Finally, however, the losses became rather irksome. People not only picked sprays of the flowers, but dug up whole plants and carted them off to foreign parts, apparently for transplanting. These purloinings occurred, of course, out of business hours—mostly over weekends when the population of John Street is at a minimum.

The bank decided that this was



"My husband and I have a joint account. I want this credited to my half"

putting a little too much strain on community relations, and somebody thought up a cute window display. The central attraction was an antique china owl lamp that blinked one eye and illuminated this verse:

*"The wise old owl is watching you  
All day and through the night-  
time hours.*

*He's sure to tell us what you do.  
So please don't take away the  
flowers."*

That stopped the Great Petunia Robbery — for just three nights. Then the purloiners came back.

"The bank," concludes the release,  
(CONTINUED ON PAGE 6)

Here are a few of the more than 60,000 people who visited the new Marquette National Bank of Minneapolis during the open house. Special attractions included free plants and piggy banks, and a drawing for a two-week, expense-paid vacation to Bermuda for two. In the preceding week there were special previews for tenants of the building, for the men who worked on it (they came with their families), for the bank's employees and their families, and for more than 500 bankers in the Ninth Federal Reserve District



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## STATEMENT OF CONDITION

At the Close of Business June 30th, 1955

### ASSETS

Cash on Hand and Due from Banks . . . . .	\$279,268,954.65
United States Government Obligations . . . . .	\$108,366,736.25
Public Housing Authority Obligations (Fully Guaranteed) . . . . .	5,362,806.21
State, County, and Municipal Bonds . . . . .	20,854,416.05
Stock in Federal Reserve Bank . . . . .	1,200,000.00
Other Bonds . . . . .	2,520,789.00
Commodity Credit Corporation Certificates of Interest . . . . .	7,731,224.31
Loans and Discounts . . . . .	339,969,382.53
Income Accrued . . . . .	2,178,515.75
Letters of Credit and Acceptances . . . . .	2,236,066.93
Banking House and Equipment . . . . .	7,676,242.00
Other Assets . . . . .	231,471.80
	<hr/>
	\$777,596,605.48

### LIABILITIES

Capital Stock . . . . .	\$ 20,000,000.00
Surplus Fund . . . . .	20,000,000.00
Undivided Profits . . . . .	9,006,676.93
Reserved for Contingencies . . . . .	3,886,259.25
Reserved for Taxes, Etc. . . . .	2,828,714.50
Deferred Income . . . . .	1,574,736.30
Letters of Credit and Acceptances . . . . .	2,236,066.93
DEPOSITS:	
Individual . . . . .	\$467,686,013.69
Banks . . . . .	234,778,754.59
U. S. Government . . . . .	15,599,383.29
	<hr/>
	718,064,151.57
	<hr/>
	\$777,596,605.48

## "AIR MAIL POUCH" Service at the First in Dallas

Your transit items sent airmail now receive faster-than-ever handling at the First in Dallas. Right at the airport, as planes arrive, your items are transferred to a First National pouch and brought by our truck to the bank for immediate processing. This is an "extra" that saves you hours — often a whole day — in clearance.

80th year of growth through service to people

## NATIONAL BANK in Dallas

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

1<sup>st</sup>









# THE DETROIT BANK

## Statement of Condition

June 30, 1955



### RESOURCES

CASH AND DUE FROM BANKS . . . . .	\$121,943,885
UNITED STATES GOVERNMENT OBLIGATIONS . . . . .	337,844,696
STATE AND MUNICIPAL SECURITIES . . . . .	76,104,110
CORPORATE AND OTHER SECURITIES . . . . .	6,211,006
LOANS AND DISCOUNTS . . . . .	\$116,633,137
REAL ESTATE LOANS . . . . .	110,146,253
FEDERAL RESERVE BANK STOCK . . . . .	847,500
BANK PROPERTIES AND EQUIPMENT . . . . .	5,048,883
ACCRUED INTEREST AND PREPAID EXPENSE . . . . .	3,724,244
CUSTOMERS LIABILITY ON LETTERS OF CREDIT . . . . .	48,461
OTHER ASSETS . . . . .	125,003
<b>TOTAL . . . . .</b>	<b>\$778,677,178</b>



### LIABILITIES

<b>DEMAND DEPOSITS:</b>	
INDIVIDUALS, CORPORATIONS AND OTHERS . . . . .	\$343,006,790
U. S. GOVERNMENT . . . . .	19,818,149
OTHER PUBLIC FUNDS . . . . .	22,469,871
	\$385,294,810
<b>SAVINGS DEPOSITS . . . . .</b>	<b>349,325,415</b>
<b>TOTAL DEPOSITS . . . . .</b>	<b>\$734,620,225</b>
UNEARNED INTEREST . . . . .	1,933,937
ACCRUED EXPENSES AND TAXES . . . . .	2,728,674
LIABILITY ON LETTERS OF CREDIT . . . . .	48,461
CAPITAL STOCK . . . . .	\$ 8,250,000
SURPLUS . . . . .	20,000,000
UNDIVIDED PROFITS . . . . .	8,969,087
GENERAL RESERVES . . . . .	2,126,794
<b>TOTAL . . . . .</b>	<b>\$ 39,345,881</b>
	<b>\$778,677,178</b>

United States Government Securities in the foregoing statement with a par value of \$31,753,000 are pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$5,295,627.

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OUR SECOND CENTURY OF SERVICE

**FORD TRACTOR  
AND IMPLEMENT  
DEALER  
SUCCESS  
STORIES**

# "A story in Wall Street SWITCHED ME



Farmers Supply and Implement Company's sales floor shows off Ford's expanded line of tractors to good advantage. Manager Fred Smith says, "We've found this line-up of new models a potent sales tool. Customers often trade themselves 'up' just by looking 'em over."



## A profitable business for the right man...

Bill Voliva's success as a Ford Tractor Dealer is typical of the many thousands of aggressive dealers associated with the Ford Motor Company.

And right now, there is room for more "Bill Volivas" with this fast growing organization.

Perhaps you know a man who has the qualifications for managing a successful farm machinery dealership—a deserving individual looking for the right opportunity. You can help launch this man into a successful future by suggesting he get in touch with the General Sales Manager, Tractor and Implement Division, Ford Motor Company, 2570 East Maple Road, Birmingham, Michigan.

# Street Journal TO FORD!"

says **BILL VOLIVA**,  
owner, Farmers Supply  
and Implement Company,  
Belhaven, North Carolina



**He knew that Ford meant business when they said they were aiming for the top...**

"Ford Gears To Boost Sales of Farm Machinery"... these words headlined an important WALL STREET JOURNAL story last December 16th. This story told of Ford's program aimed at securing an increasingly larger share of the farm machinery market.

To reader Bill Voliva, then a competitive farm machinery dealer and highly regarded businessman, here was proof that Ford meant business. "Every bit of judgment I had told me that Ford products and policies were right for our people," says Voliva. "When I read the statement that Ford didn't aim to be runner-up, I knew they had the stuff to back it up." Right then and there Bill decided to switch to Ford.

Since that time, Voliva has seen that Ford, indeed, "has the stuff to back it up." In January came five new and far advanced Ford Tractors... in April,

Ford's first tricycle tractors... and, most recently, three new Special Utility models. New implements and harvesting machines have been introduced—the first such equipment ever to bear the name "Ford".

Broadening the product line, however, is just one phase of Ford's all-out program. A new engineering center, the most modern in the industry, has been established. Research and product testing facilities have been expanded... tractor production has been stepped up. And, to help dealers set new sales records, advertising and promotional efforts have been increased.

No wonder Bill Voliva says, "Ford's come through with even more than they promised, and there's still more to come. I know for sure that I'm on the winning team!"



**TRACTOR AND IMPLEMENT DIVISION**

**FORD MOTOR COMPANY**

**BIRMINGHAM, MICHIGAN**



## THE MACHINE TOOL SHOW

September 6-17, 1955  
INTERNATIONAL AMPHITHEATRE  
Chicago, Ill.

# 15,336\*

**forward-looking presidents  
interested in INCREASED profits**

They're coming to the Machine Tool Show, in Chicago, in September, to see the latest in cost-cutting metalworking methods. Not since the last show, in 1947, have they had such an opportunity.

Plan now to join them. You'll find more than ninety per cent of the country's leading machine tool builders ready to demonstrate to you their newest models, their fastest, most ingenious, most economical production methods.

And, while you're in Chicago, you can see the latest in machine tool accessories, too—at the Production Engineering Show, held on the Navy Pier on the same dates. Your Machine Tool Show badge is the only ticket of admittance you'll need.

So bring your key production people with you to Chicago in September; share with them this unequalled opportunity to see the latest developments in machine tools, your key to increased profits. The 1955 Machine Tool Show is the best chance you've ever had to see the world's best investment—in action!

### NATIONAL MACHINE TOOL BUILDERS' ASSOCIATION

2071 East 102 Street • Cleveland 6, Ohio



THE  
MACHINE TOOL  
SHOW

CHICAGO, ILL.  
SEPT. 6-17, 1955  
INTERNATIONAL AMPHITHEATRE



\* Estimated Attendance, Before Receiving Your Reservation





"Well, well! Here's my friend from the bank who didn't think my house was worth a mortgage of \$16,000!"

(CONTINUED FROM PAGE 6)

you got two," reminisces the Phoenix banker. "A week's pay envelope might have four dollars in it. Then came that first promotion to the staff and a weekly stipend of \$10, and from there on to the magnificent heights of \$35 was progress."

Brother Raleigh contributes a footnote to "30." He reports that the Christie boys' father worked at the *Eagle*, and that George "attempted to hire out under an assumed name because he didn't want his path smoothed by paternal influence."

### Your Social Security

A VISITOR to the office the other day was Charles B. Cochran, bearing copies of his booklet on something that too many of us know too little about: the Federal Old-Age and Survivors Insurance Benefit Payments program—in short, Social Security.

The pamphlet, entitled "What You Get from Social Security," brings up to date, in the light of the latest amendments, an earlier version. It explains, simply and comprehensively, what Social Security is, provides a summary of the benefits and to whom they are payable, describes the coverage by groups, and adds several pages of useful information.

Tables show how "many quarters

of coverage" you will need to be fully insured at age 65, and illustrate the retirement and survivor benefits. Many examples are given.

We're told that a number of banks have distributed the pamphlet to their staffs. It's available in quantity from Charles B. Cochran Co., Box 26, Waverly P.O., Baltimore 18, Md.

### Charleston's Golden Eagle

FROM Charleston arrives an attractive book, "The Story of South Carolina's Senior Bank," the South Carolina National and its predecessor, the Bank of Charleston.

This handsome history by Samuel Gaillard Stoney covers 120 years and is published by the bank as "an offering from our past toward the promises of our future."

Mr. Stoney starts his story by noting: "Of the state's older landmarks few are more striking, none more significant, than the great golden eagle that overlooks Broad Street from the facade of the South Carolina Bank, spreading its wings above South Carolina's oldest business street on the front of her oldest bank."

The bird, he says, was set up about 1818 on the Charleston Branch of the Second Bank of the United States. And since 1835, when the Bank of Charleston opened, it has

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symbolized "the vigilance and strength of purpose" that have carried that institution and its successor "through the very mixed fortunes of twelve decades."

The old Charleston Branch, known as the Office of Discount and Deposit, ceased in 1834, at a time when South Carolina also had a state bank and numerous small ones. Certain far-sighted men, among them a young actor, Henry Gourdin, felt that the state needed more adequate facilities, and on December 17, 1834, a charter was obtained for The Bank of Charleston. Its name was changed in 1926 to The South Carolina National Bank.

A marker set by the Charleston Historical Commission on the old building says: "This was the only bank in the state to resume business after the war of 1861-1865, and one of the very few banks in the South to redeem its currency issued prior to that war."

### Impressions

To the A.B.A. Public Relations Council comes a letter from E. V. Lett, assistant vice-president of The First National Bank of Erie, Penn., reporting the "particularly gratify-

ing response" to the Council's high school film program. This bank follows up the picture showings with field trips to the bank.

One teacher had her students write a report on their visit, and Mr. Lett enclosed the "essay" written by 15-year-old Mary Morgan.

Mary's first impression was "the friendly, calm atmosphere. No one," she said, "is rushing around in a hurry, trying to get something done. Yet, with everyone working quietly and efficiently at his or her own job, a great amount of work seems to be done each day."

Mary noticed that "nearly everyone who entered the bank was greeted by name and given 'service with a smile.' Surely," she commented, "a business establishment couldn't be more friendly or convenient!"

She then described her bank tour.

\*\*\*\*\*  
*A 10-year-old girl recently wrote a popular song. We didn't know any writers of our popular songs were that old.*

A foreign concession is a small body of oil land surrounded by hot water.

Eight mutual savings banks in Brooklyn area present the TV show, "Happy Felton's Knot-Hole Gang," scheduled before all Dodger home games. At a recent Dodger Day observance 7,000 youngsters and adults attended celebrations at two offices of The Williamsburg Savings Bank, one of the sponsors. Dodger stars, as well as Happy Felton, greeted the kids and passed out autographed pictures. In the photo Joseph A. Kaiser, the bank's president, talks to Brooklyn's Captain Pee-wee Reese. Roy Campanella is next to Reese as Felton watches.



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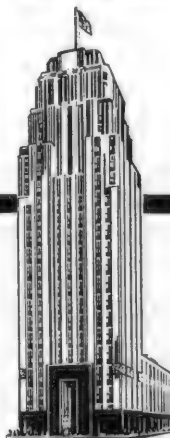
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"AND don't you want to have your mother's or your father's name on your savings account, too?" asked the clerk who was opening up a savings account for the businesslike small boy.

"I should say not!" was the emphatic response. "That's what I did before in the other bank. I had them put my mother's name on the book. And that's the reason I'm changing banks now. I opened this other account in the bank down the street and they put my mother's name on it. I got a job sweeping out this store every night and I put every cent in my savings account. And just as soon as I had \$20 saved up, she drew it all out. See here!" And from his shirt pocket he withdrew a savings pass book, which showed a dozen or so small entries and one withdrawal for the total amount.

"This time I don't even want anybody to *know* I've got a bank account. I'll keep the book hid from now on. Here I thought I was saving money and had enough to pay to go to Scout Camp this summer, and when I got the book out I didn't have a cent. So don't you tell anybody at all about this!" The clerk promised gladly and for a few moments pondered on the type of parent who would so discourage a hardworking lad with the healthy habit of saving.

"You didn't give me credit for any interest," complained the worried-looking little man at the instalment loan window. "What interest do you mean?" asked the teller. "Well, you see this payment ain't really due until the 22nd—and that's still 15 days off. So it seems to me I ought to get a credit for interest for 15 days when I pay ahead of time like I'm doing.

"See, there's \$125.50 left on this contract, and I pay *you* interest on it; so when I come in and make a \$25 payment 15 days ahead of time, I figure you owe me interest on the loan, 'cause you're getting your money 'way ahead of time, and you don't have to send me a notice or worry about me for 45 days. Seems as if that ought to mean a little interest coming to me—it's a poor bargain that don't work both ways!"

BELLE S. HAMILTON



"I'm getting kinda suspicious of that bank! For two months now, their statements have absolutely checked with mine"



## CROWN ZELLERBACH'S 85<sup>TH</sup> YEAR

Crown Zellerbach set all-time records in production, sales, income and dividends during the fiscal year ended April 30, 1955.

	Year ended April 30	
	1955	1954
Net sales . . . .	\$306,326,000	\$297,959,000
Net income . . . .	32,657,000	26,828,000
Dividends paid . .	16,625,000	14,166,000
Production—		
Paper &		
Paperboard	1,102,849 tons	1,058,809 tons

Net income per share of common stock outstanding was \$4.26, compared with \$3.65 in 1954.

Expenditures of more than \$30 million for growth brought our 10-year total for this purpose to \$160 million. To keep pace with our growing markets, we must plan to expand production by at least another 50% over the next 10 years. We have earmarked \$85 million for this purpose during the coming two years.

We begin our 86th year with more production facilities, a new Research Laboratory, additional forest products, 22 billion board feet of timber reserves, and the valued partnership of our thousands of share owners and employees.

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The Citizens National Bank,  
Evansville, Indiana



Citizens National Bank  
and Trust Company  
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How we design your bank **OUTSIDE**

NEW BUILDINGS

The First National Bank,  
Cape Girardeau, Missouri

First National Bank  
and Trust Company,  
Summit, New Jersey

Clinton National Bank,  
Clinton, Iowa

The very fact that a bank is modernizing or building anew is a business stimulant. But long after dedication, new quarters must continue to pay off for your bank.

Here our teamwork designing—by international architects and engineers who specialize in new quarters for banks—takes on its greatest importance. For the building exterior should express the *personality* of your bank . . . and offer an *invitation* to new customers.

With our intimate knowledge of the banking business, we carefully analyze your operations and plan the bank *interior* first. Then we design the exterior *around* it, and in relation to such factors as terrain, neighboring buildings, car and pedestrian traffic, weather and climate, construction costs, maintenance, and future expansion.

We have completed nearly 3,000 financial projects throughout America and foreign countries. A survey on new-business gains for banks we have designed proves these banks not only *invite* new business with striking exteriors. More important, they *fulfill* their promise through interiors planned for top operational efficiency and swift customer service.

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## **N. Y. Fed Publishes Booklet on Role of Money and Banking**

A CONCISE, nontechnical explanation of the role of money and banking in the economy has been published by the Federal Reserve Bank of New York as a public service.

Entitled "Money: Master or Servant?" the 48-page booklet, illustrated in four colors, was produced at the request of the Joint Council on Economic Education which has made it part of the "Teacher's Guide to Money and Banking." The text was prepared under the auspices of a committee of officials of the 12 Reserve banks.

The important principles of money, credit and banking are explained in simple terms. The structure of the money economy, commercial bank creation of deposits, the relation of bank reserves to the supply of money, and the methods at the Reserve System's disposal to influence the supply, availability and cost of bank reserves are among the topics covered.

A simple explanation of the mechanics of credit control is followed by a brief exposition of how the Reserve, through its influence on the money market, carries out its central function of helping to maintain stability and balanced growth in the economy at high levels of employment.

Copies of the booklet are obtainable from the Federal Reserve Bank of New York.

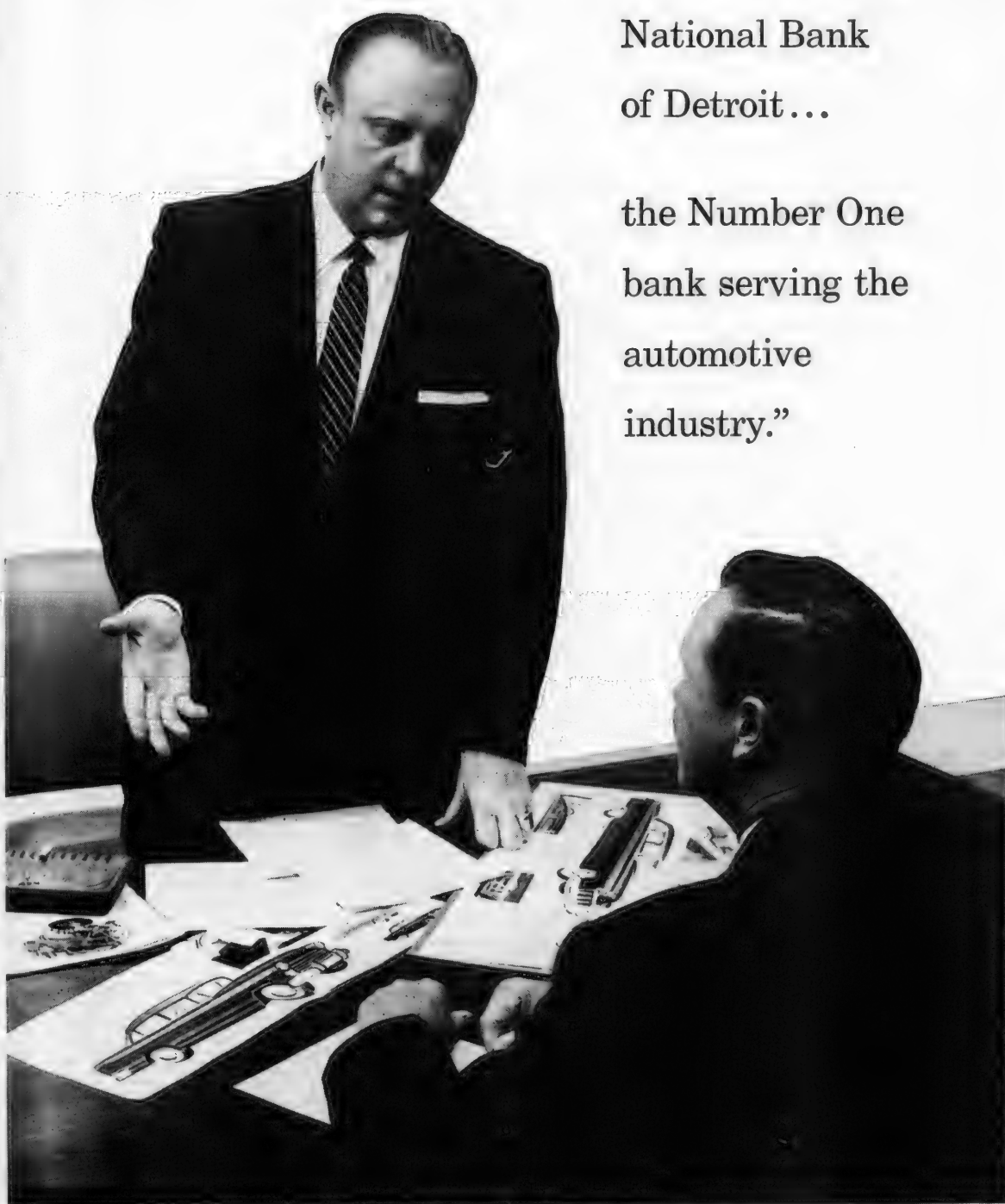


"When the price of money (the interest rate) goes up, some people refuse to borrow, and some people decide to save more of their incomes."—From "Money: Master or Servant?"



"So, I'd call in the  
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of Detroit...

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bank serving the  
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staff.

## Merger in Philly

A MAJOR merger is under consideration in Philadelphia: The Pennsylvania Company for Banking and Trusts and The First National Bank. Stockholders meet September 19 to vote on the proposal to merge the banks on a share-for-share basis.

Should the plan win approval, the resulting bank is to be known as THE FIRST PENNSYLVANIA BANKING AND TRUST COMPANY. It is to be state chartered and a member of the Federal Reserve System. Combined assets, as of the year-end statement, would exceed \$1-billion.

Officers would be: WILLIAM L. DAY, chairman of the board; WILLIAM F. KELLY, president; WILLIAM B. WALKER, executive vice-president. WM. FULTON KURTZ would be a director and chairman of the executive committee. MR. KURTZ retired on June 30 as chairman of the board of The Pennsylvania Company for Banking and Trusts.

SILVER BAY STATE BANK has opened for business in Silver Bay, Minnesota. It's an affiliate of Northwest Bancorporation, Minneapolis. The bank serves an entirely new community created by the Reserve Mining Company's taconite opera-



A. F. Lequesne



E. L. Stone



Donald V. Benner



D. Luke Hopkins

tion on the north shore of Lake Superior. ARTHUR O. LORNTSON is president; GEORGE W. PETERSON is vice-president and cashier. The bank occupies temporary quarters in a new shopping center, but plans to complete permanent quarters about October 1.

ARCH F. LEQUESNE and E. L. STONE were elected vice-presidents of California Bank, Los Angeles.

JOE D. OLIVER, vice-president of The Citizens & Southern National Bank's Travel Service, has been elected president of the newly formed Atlanta chapter of the International Association of Skat

Clubs. The clubs are composed of executives of the travel and transportation industry. There are 127 chapters in 37 countries.

DONALD V. BENNER is now a vice-president of Mercantile National Bank, Chicago. He's an alumnus of The Graduate School of Banking, class of 1953.

D. LUKE HOPKINS has been elected chairman of the finance committee, director, and a member of the executive and trust committees at Fidelity-Baltimore National Bank & Trust Company, Baltimore. He is also a member of the board of directors and of the executive committee of the Savings Bank of Baltimore and of the Fidelity and Deposit Company of Maryland.

Gloria Dale, center, bookkeeper at Hopewell (Va.) Branch of State-Planters Bank and Trust Company, is named "Miss Hopewell of 1955" at local Miss America pageant preliminaries. Her specialty is an acrobatic routine. Next step, "Miss Virginia" contest in August



# Heard Along

## 50-Year Commuter

MAUD GALLAGHER, private secretary to the last six presidents of Franklin Savings Bank, New York, retired on July 1 after 50 years of service. MISS GALLAGHER was born in Ireland, was educated in New Jersey, and on July 1, 1905, became the first female employee of the bank. William G. Conklin, then president, wasn't sure it was practical to have an attractive young lady on an otherwise all-male staff, so theoretically she was considered "temporary help" until she proved capable of handling the situation. She commuted from Montclair, N. J., during the entire 50-year period and had, according to STUART A. LYMAN, current president, "an almost

# Main Street



James J. Major



Arthur V. Royds

perfect record of attendance and punctuality"—almost perfect, he said, because she was absent one day over a "slight difference with a traffic officer."

JAMES J. MAJOR has been appointed a vice-president in the international department of Chase Manhattan Bank, New York. MR. MAJOR has been with the bank for 45 years, serving exclusively in foreign banking.

ARTHUR V. ROYDS has been elected vice-president of American National Bank and Trust Company of Chicago, and will serve as a commercial loaning officer.

Georgetown University, Washington, D. C., has announced that its Division of Business Administration will inaugurate a major program in "Banking" beginning with the fall semester. The program has been designed to "provide an adequate reservoir of trained and qualified personnel for positions of executive caliber in the field of banking."

## Birthday No. 136

THE BANK FOR SAVINGS IN THE CITY OF NEW YORK has celebrated its 136th anniversary. The bank opened for business on July 3, 1819 in a basement room in City Hall Park. A total of \$2,807 was banked the first day by 80 depositors. The bank today has more than 200,000 depositors and assets of some \$430-million.

In the early days, deposits were kept in a nail-studded leather trunk

which was carried home each night for safekeeping by the bank's cashier. The original trunk is on display at the bank's main office.

ANN E. NELSON has been named assistant vice-president in charge of securities and bond portfolio at the First National Bank of Sunbury, Pa. MISS NELSON is the bank's oldest employee in point of service, having joined the bank in 1920.

FRANKLIN H. LORENZ was promoted to vice-president at St. Joseph Valley Bank, Elkhart, Ind.

## Depository Drive-In

THE FIRST NATIONAL BANK of Odessa, Texas, has commenced construction on a modernistic four-window motor bank which will include a drive-up night depository. It will handle approximately 40 cars "under roof" at one time and features such up-to-the-minute facilities as closed-circuit television and a continuous music system.



The big plastic ball at the top of this picture is the weather "eye" atop the Texas National Bank's new building in Houston. From its 400-foot altitude it is visible 25 miles. The globe is so big it had to be air conditioned. That's a press party in progress on the roof

Construction is to be completed by October 1.

Bank of America has promoted two branch managers to vice-presidents: JOHN A. MITCHELL, of Hayward, and FRED C. IRVINE, of Chico.

The EXCHANGE NATIONAL BANK of Tampa, Fla., has announced a \$1,000,000 expansion program which (CONTINUED ON PAGE 24)

This stunt was arranged to dramatize the amount of taxes paid by 11 railroads to the local county government. Norman Frobose, assistant treasurer of the Toledo (Ohio) Trust Company, wheels \$771,096.97 in currency, covering 1954 taxes. From the left, three railroad representatives, Mr. Frobose, the county treasurer and county auditor



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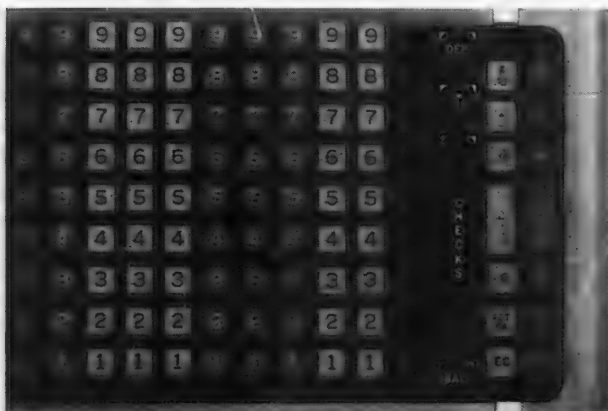
*And here's why it's so fast:*



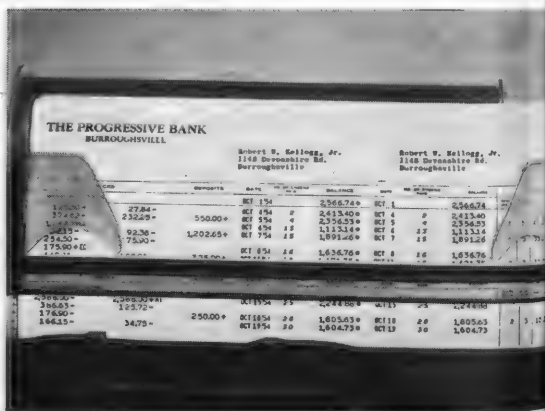
1. Increased operating speed. Sensimatic gives you faster form handling, carriage tabulation, indexing, printing, and automatic balances. Amounts can be indexed as machine computes—all while carriage is tabulating.



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The new Burroughs Sensimatic bank bookkeeping machine has many other features that can help make your commercial checking account department more profitable. It gives you a new *automatic check count*, clearly listing the number of checks on the statement. *Automatic register totaling* is simple—just a turn of the job selector knob, one touch of the motor bar. The *date lock* protects against an entry of an unauthorized or incorrect date. The platen is split for a *list-posting* tape, giving adding machine benefits

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See for yourself how the Sensimatic bank bookkeeping machine can increase the speed and efficiency of accounting in your bank. Ask your representative for a demonstration today. Burroughs Corporation, Detroit 32, Michigan.

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You'll appreciate, it's improved format, retaining the favorably accepted page size 3½ x 5", but with loose leaf metal rings and stiff simulated leather binder, in convenient pocket size. Yes, all this and yet NO INCREASE IN PRICE!

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J. P. Everett



H. L. Dunham



James E. Patrick

**MAIN STREET (Continued)**

includes construction of a 6-story building adjoining its present office.

DILLON J. ROSS was elected president of Jefferson Bank and Trust Company, St. Louis, succeeding PETER W. HERZOG who was elected chairman of the board.

JOHN PORTER EVERETT has joined Hibernia National Bank, New Orleans, as petroleum engineer in the oil and gas department. He had been an instructor in the Department of Petroleum Engineering of the University of Kansas for the past four years.

The FIRST NATIONAL BANK of St. Paul, Minn., has unveiled in its lobby a portrait of James J. Hill, the late "empire builder." Mr. Hill was a director of the bank from 1880 to 1916. The portrait was painted in 1914 by Henry Carling, famous St. Paul artist, and is believed to be the last for which Mr. Hill ever sat. The picture was purchased recently from a daughter of the artist.

FRANCIS M. WHITE, comptroller of The Colonial Trust Company, Waterbury, Conn., has been elected treasurer. He's an alumnus—Class of 1955—of The Graduate School of

Banking. DONALD B. MOORE was named trust investment officer; CAROL O. DUNBAR, JR., trust officer.

H. L. DUNHAM has advanced to vice-chairman of the board at Valley National Bank, Phoenix, Ariz., and is succeeded as executive vice-president by JAMES E. PATRICK.

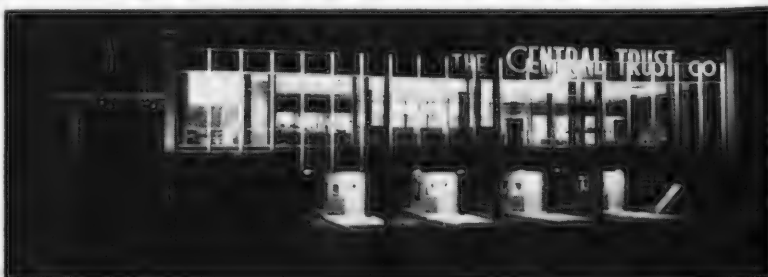
WILFRID MURLAND has been appointed vice-president in charge of the customer relations division of Peoples First National Bank & Trust Company, Pittsburgh, succeeding the late JOHN KINNEMAN, Jr.

FIRST WESTERN BANK AND TRUST COMPANY, San Francisco, is to establish "a main office" in Los Angeles. The bank's operations in Southern California have grown sufficiently to make the move desirable, an announcement discloses. FIRST WESTERN now has 59 offices in 44 communities, and many more are planned for which permission has already been received from the banking authorities.

FIRST NATIONAL BANK OF ARIZONA, Phoenix, has awarded contract for construction of a 3-level parking garage on the site of its new head office building. With two-story and rooftop parking, the ga-

(CONTINUED ON PAGE 26)

This is the new Evendale Auto-Bank of Central Trust Company, Cincinnati. View is from upper-level parking lot. Cars using drive-in windows would have headlights facing camera. The Auto-Bank is placed far back from the highway to allow for a spacious black-top "lobby" to give autos plenty of maneuvering space. The 5-acre plot has entrances and exits on two roads.





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The McGraw-Hill Department of Economics' eighth annual survey of business plans reveals interesting data on industry's planned capital expenditures for the next four years. The complete findings are available in a 12-page booklet titled, "Business' Plans for New Plants and Equipment 1955-58." We'll gladly mail you a copy.



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OVER A MILLION MEN IN BUSINESS AND INDUSTRY PAY TO READ McGRAW-HILL BUSINESS PUBLICATIONS

August 1955



This is the new bank and office building of First National Bank and Trust Company of Evanston, Ill. Some 20,000 persons turned out for open house festivities

## MAIN STREET (Continued)

rage will accommodate 387 cars under a planned self-parking system. If cars were to be handled by attendants, the capacity is estimated at close to 500.

DR. LAWRENCE R. HAFSTAD, director of the atomic energy division of Chase Manhattan Bank, New York, is to join General Motors as director of its research staff. Prior to his connection with Chase, DR. HAFSTAD was director of the Reactor Development Division of the Atomic Energy Commission. He was a speaker at the recent sum-

mer session of The Graduate School of Banking.

C. WILLIAM GERKEN has joined the First Suffolk National Bank, Huntington, N. Y., as a vice-president. He had spent 25 years with Manufacturers Trust Company, New York City. The bank has also announced that JAMES C. DINKELACKER, vice-president, has been given additional duties and will be in charge of operations for the seven offices of the bank.

JOHN FOX, WALTER J. HEIN, and KENNETH E. PENZLER were elected to the newly created office of senior

vice-president of Mercantile Trust Company, St. Louis.

The Savings Bank Life Insurance Council of Massachusetts has elected these officers: *President*, HAROLD E. HOLLINGSWORTH, president, Lowell Institution for Savings; *first vice-president*, NATHAN T. BASCOM, president, Worcester Mechanics Savings Bank; *treasurer*, CHARLES E. WHITEHEAD, assistant treasurer, Boston Five Cents Savings Bank; *executive vice-president and secretary*, CLYDE S. CASADY; *actuarial vice-president*, MAYNARD W. ALLARD; *assistant secretary*, ALLAN S. BEALE.

BARNETT NATIONAL BANK, Jacksonville, Fla., introduced its customers to curb service banking. It has an elevator-type cage which rises at the curb. First depositor at the new installation was BION H. BARNETT, 97-year-old honorary chairman of the bank.

## Cravens Honored

A CITATION for distinguished service was conferred by the University of Kansas upon KENTON R. CRAVENS, president of Mercantile Trust Company, St. Louis, and an alumnus of the university. The award is the highest honor given by the school. The citation listed Mr. CRAVENS' many accomplishments and concluded, "His University proudly adds his name to its roll of distinguished sons."

## Three New State Association Presidents

Left to right: IDAHO—Roy Painter, vice-president, Fidelity National Bank, Twin Falls; NEW YORK—William F. Ploch, president, Nassau County Trust Company, Mineola; MICHIGAN—R. B. McAfee, president, The Commercial Savings Bank, Adrian







James H. Kennedy

## Kennedy Retires

JAMES H. KENNEDY has retired as vice-president and cashier of the Philadelphia National Bank.

MR. KENNEDY, who has a national reputation as an expert on correspondent banking and operations, began his 48-year career in 1907 with the Farmers & Mechanics Bank which was merged with Philadelphia National in 1918. He has been a member of the A.B.A.'s Bank Management Commission since 1943. He also represented the A.B.A. as a member of the Joint Committee on the Check Collection System of the United States.

G. EDWARD COOPER succeeds MR. KENNEDY as vice - president and cashier.

DURWOOD C. DUBOIS, vice-president of the Ohio Citizens Trust Company, Toledo, was elected to the board of governors of the American National Red Cross.

The newly organized CITIZENS BANK OF MOBILE, Ala., opened on July 1, when it held an all-day open house. The bank has drive-in windows, plenty of free parking, and issued free personalized checks. Its officers are E. E. DELANEY, president (inactive); JOSEPH C. SULLIVAN, vice-president (inactive); OLIVER B. HARRELL, vice-president and cashier (executive officer); and JAMES E. POLLARD and FREDERICK KIMBROUGH, JR., assistant cashiers.

RICHARD A. BRENNAN, president of the Brevoort Savings Bank of Brooklyn and treasurer of the Urban League of Greater New York, has been cited by the League for outstanding community service and

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The cost? Only pennies per book. For example, if you use 10,000 Allison Coupon Books, you can have twelve hard-hitting inserts in each book for about five cents additional per book. You will have a year-long advertising campaign that gets new business from old customers.

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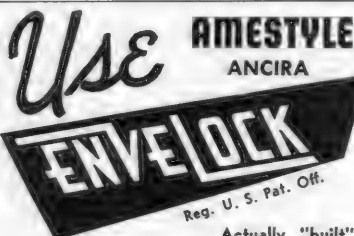
## HOW DO YOU WEIGH A BANK?

- Discard the weights and measures. Forget about scales. Weighing a bank's value can be done in a moment. Just ask yourself, "What kind of service are they giving me?"
- We think we are seldom found wanting in the weighing. Certainly our astounding growth over the past decade indicates that our customers like our service.
- Should your client need assistance in this area, remember that Central-Penn stands ready to aid you—backed by more than 125 years of association with business and industry.

### CENTRAL-PENN NATIONAL BANK

OF PHILADELPHIA

Member Federal Deposit Insurance Corporation  
Member Federal Reserve System



... Actually "built"  
into Amestyle flat and  
expanding envelopes to

#### CONTROL —

The safe-keeping of wills,  
valuable papers, etc.

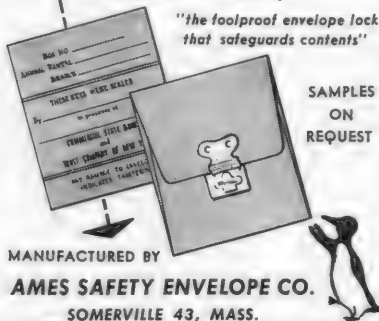
#### PROTECT —

Combinations of safes and  
vaults, etc.

#### SAFEGUARD —

Safe Deposit, Master and  
Grand Master keys.

"the foolproof envelope lock  
that safeguards contents"



was named "board member of the year."

HERMAN C. SLOCUM, vice-president of the Harris Trust and Savings Bank, Chicago, recently marked his 40th anniversary with the bank. He didn't start his banking career with Harris Trust, however, but in Canada.

An artesian well-drilling rig lumbered up to the main office of the NEWTON (Mass.) NATIONAL BANK, broke a big hole through the wall, and started drilling a 40-foot well in the lobby. This amazed bank customers until they found out it's not for water—a new elevator is being installed.

HARVEY DEMBE, cashier of the Broadway National Bank, Bayonne, has been named to the New Jersey State Board of Education. At 34 he is one of the youngest men ever to serve on the State Board.

### Capital Increased

SHAREHOLDERS of TEXAS NATIONAL BANK of Houston voted to increase the bank's capital and surplus from \$10,000,000 to \$12,000,000. President HARRIS MCASHAN said 50,000 new shares of stock would be issued to increase the capital account by \$1,000,000 and provide a similar increase of the surplus fund. Shareholders were given the option of buying one share of new stock for each five shares now held.

ROBERT C. TAIT, president of the Stromberg-Carlson Company, was elected a director of the Lincoln Rochester Trust Company, Rochester, N. Y.

Craig R. Smith, assistant vice-president of The Hanover Bank, New York, greets the King and Queen of Greece at ceremonies in Salonica celebrating the 50th anniversary of the American Farm School, of which Mr. Smith is president of the board of trustees



L. to r.: Brahm, McMillen, Gruwell

First National Bank of Arizona, Phoenix, has announced changes in the bank's management structure which are to become effective September 1. HUGH C. GRUWELL, president since 1947, will become chairman of the board. He will be succeeded as president by MONT E. McMILLEN, currently executive vice-president of the First Western Bank and Trust Company in charge of Pasadena (Calif.) operations. JOHN H. BRAHM, executive vice-president, retains his present position and in addition will become coordinator of administration and operations, chairman of the finance committee, and vice-chairman of both the executive and management committees.

R. STEWART RAUCH, JR., president of the Philadelphia Saving Fund Society, used his summer vacation to lead a three-man team in evaluating the U. S. Government's Foreign Operations Administration program in Egypt.

Florida's Governor Leroy Collins has appointed HENRY HARRIS MEADOR to District Welfare Board Number 9. MR. MEADOR is vice-president of the Industrial National Bank of Miami.

Ten officers of STATE-PLANTERS BANK AND TRUST COMPANY, Richmond, Va., attended the recent session.

(CONTINUED ON PAGE 30)



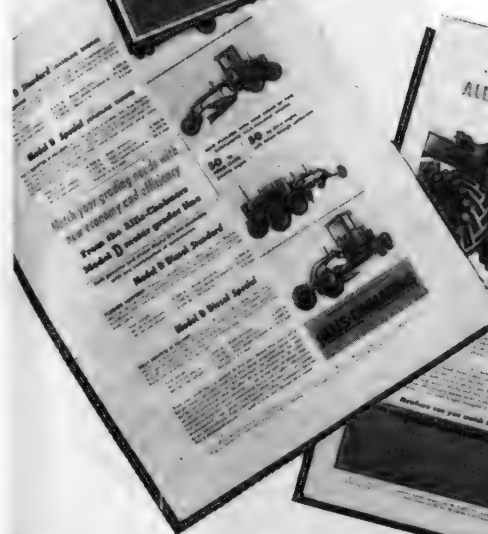
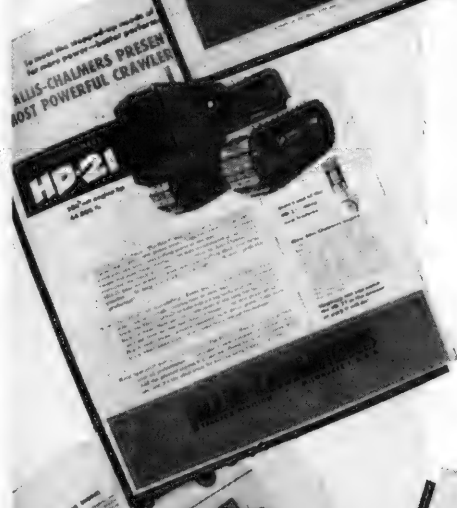
## HERE'S EVIDENCE OF CONTINUING PROGRESS

These advertisements describe new pieces of construction equipment introduced by Allis-Chalmers since the first of the year. While these announcements are good news to users of construction equipment, they have a wider and deeper significance.

They are evidence of Allis-Chalmers' continuing program of research, engineering and development. Through this program, Allis-Chalmers equipment meets today's construction requirements with modern design and performance features that bring new economies to earth-moving, construction and materials handling operations.

This new, more productive equipment means steady work and profitable years ahead for its owners. Modern bank financing plans help these owners develop their full potential, and contribute to the welfare and advancement of their communities.

## ALLIS-CHALMERS





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Next time you or your clients have business in Utah or the Intermountain West, call on Continental Bank. We'll be happy to share our banking experience and our knowledge of local and regional market conditions.

## The Continental Bank and Trust Company OF SALT LAKE CITY

MAIN OFFICE: 200 South Main Street

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*Growing with the Intermountain West*

Member Federal Reserve System • Member Federal Deposit Insurance Corporation



Frank C. Welch has completed 50 years with Peoples Bank and Trust Co., Cedar Rapids, Iowa. He started as a messenger; has been president since 1933. He has served on many A.B.A. committees and is a past president of the Iowa Bankers Association. The *Cedar Rapids Gazette*, in a feature on Mr. Welch, quotes his formula for success: "I've never missed a pay day"

### MAIN STREET (Continued)

sion of The Graduate School of Banking. The bank reports that of 51 officers of the bank, 31 have attended the School.

The 26-story Lincoln-Liberty Building at the corner of Broad and Chestnut in Philadelphia, has been renamed Philadelphia National Bank Building. The bank purchased the gigantic property from John Wanamaker in one of the city's largest real estate transactions. The building has been completely modernized and air conditioned. The lower floors, including the subway concourse level, are undergoing extensive rebuilding for occupancy by the bank's main office.

The Richfield (Minn.) State Bank was honored recently by the Minneapolis Junior Chamber of Commerce in its "Minnesota U.S.A." series on WCCO-TV, Minneapolis. Bank Vice-president G. REED MACOMBER was interviewed on the program.

EUGENE W. AUSTIN, first vice-president, has been elected assistant president of the Citizens & Southern National Bank of South Carolina, Columbia. He is succeeded at Charleston by ALBERT R. SIMONDS, executive vice-president. JOHN W. HUGGINS was promoted to vice-president in charge of new business and correspondent bank division.

BANKING





W. C. Boren III



F. Paschal Gallot

Three generations of one family have followed each other to the same seat on the board of directors of Guilford National Bank of Greensboro, N. C. WILLIAM C. BOREN, III, was elected to succeed his father, the late W. C. BOREN, JR., who had earlier replaced the first W. C. BOREN in that position.

### Aurie I. Johnson

AURIE I. JOHNSON, vice-president of the First Trust & Deposit Company, Syracuse, N. Y., died suddenly on June 29 of heart disease. He was nationally known for his work in trust and estate administration. He served as chairman of the executive committee of the Trust Division of the American Bankers Association and chairman of the Division's Committee on Costs and Charges. He was a member and former president of the Estate Planners' Council of Syracuse, and a member and former chairman of the trust division of the New York State Bankers Association. He was 56.

TRACY L. DEFOREST, assistant vice-president of Society for Savings, Cleveland, was rewarded with a check for \$1,000 on his 50th anniversary with the Society.

Northern California Chapter, Robert Morris Associates has elected these officers: *President*, F. PASCHAL GALLOT, vice-president and senior loan officer of Crocker First National Bank of San Francisco; *vice-president*, ROBERT A. SAXE, assistant vice-president, Wells Fargo Bank; *secretary-treasurer*, ROBERT H. BOLMAN, vice-president, Bank of California.

As a part of its expansion and remodeling program, the NEWARK (Del.) TRUST COMPANY commissioned artist Leo Laskaris, a neighbor of the bank, to paint three 6x12 murals in its lobby. The panels are entitled "Newark, A Cityscape"; "Newark and God"; and "Newark and Energy." A large crowd came to the official unveiling, despite an all-day rain storm.

CAMDEN NORTHWESTERN STATE BANK, Minneapolis, attracted more than 20,000 visitors to an open house in its new quarters. Each visitor was greeted at the door by a pretty hostess who presented a souvenir jar opener and an invitation to register for a drawing in which more than \$1,000 was given away in prizes. More than 13,000 cups of coffee and more than 14,000 cookies were served. More than 5,000 suckers went to younger visitors.

JAN F. MOWAT was elected a director and senior vice-president and cashier of Bishop National Bank of Hawaii at Honolulu. H. W. KERLEY was named a vice-president; N. F. BANFIELD became assistant vice-president and secretary.



Mrs. Harold Stonier with her prize-winning watercolor

### Mrs. Harold Stonier Wins Art Award

AN abstract still-life watercolor won a first-place award for Mrs. Harold Stonier in the Asheville (N. C.) Artists Guild's competition in which the entries were displayed in the First National Bank of Asheville. The bank provided prizes for first and second places in two classifications: watercolors, oils.

Mrs. Stonier is the wife of Dr. Harold Stonier, director of The Graduate School of Banking and retired executive vice-president of the American Bankers Association. Dr. Stonier's A.B.A. office is decorated with watercolors executed by Mrs. Stonier.

CLEVELAND (Ohio) TRUST COMPANY is to open its 63rd office in the fall.

University of Pennsylvania, Philadelphia, conferred an honorary degree of Doctor of Laws upon C. CANBY BALDERSTON, vice-chairman of the Board of Governors of the Federal Reserve System. DR. BALDERSTON was dean of Pennsylvania's Wharton School of Finance and Commerce from 1941 to 1954. He holds three earned degrees from the University.

BANKING has received a Certificate of Honor from the American National Red Cross for "distinguished achievement in the 1955 Red Cross campaign."

This facility of Bank of America served United Nations recent 10-year anniversary meeting in San Francisco. All staffers shown speak several languages



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- Average Daily Float
- Amortization
- Percentages and Ratios
- Federal Reserve Rediscounts
- Account Costs
- Interest on Notes, Mortgages, Small Loans

## The OUTLOOK and CONDITION OF BUSINESS

### *How Bankers Feel About Business*

**T**HE current high level of business activity is expected to continue for the balance of the year." This conclusion is widely held by leading bankers, according to the semi-annual survey of business and credit conditions conducted recently by the Credit Policy Commission of the American Bankers Association under direction of George S. Moore, chairman of the Commission and executive vice-president of the First National City Bank of New York.

This survey was made by the Commission in order to sound out the opinions of well-informed bankers in all sections of the country as to existing business and credit conditions and prospects for the last half of 1955. The major conclusions developed were:

#### **Business Outlook**

Optimism generally prevails in all sections regarding prospects for business during the last half of 1955. Most responding bankers believe that the current high level of activity will be maintained, and many anticipate a further modest improvement, although there may be a slight temporary setback sometime in the third quarter.

The heavy demand for both consumer and capital goods is expected to be maintained.

Construction continues at a rapid pace. There is no evidence that this important sector of the economy will show any decline for the balance of the year, and some areas expect even greater activity.

Agricultural prospects are good, although in some areas the effects of drought, acreage controls and lower prices are likely to be felt.

#### **Inventory Picture**

In view of the sharp increase in business activity, the recent growth in inventories at all levels of trade is a normal expectation.

The inventory situation, in general, appears to be well balanced. Business firms appear to have adopted

a policy of caution regarding accumulation of stocks, and there is no significant evidence of inventory speculation. In certain areas, however, some lines—such as automobiles and household appliances—are tending to back up.

#### **Credit Demand**

Demand for bank credit is expected to remain strong. Many bankers anticipate a greater than seasonal increase during the last half of the year.

There is evidence of greater selectivity in the granting of credits to various types of borrowers.

#### **Competition in Lending**

There has not been any marked change in the keen competitive situation between banks and other lenders, despite the heavy demand for credit experienced in recent months.

In some areas banks have been losing loans due to more attractive terms offered by other lenders. The commercial paper market, sales finance companies, insurance companies, credit unions, and savings and loan associations are cited as significant sources of competition in the current picture.

#### **Credit Problems**

The quality of bank loans is considered sound. In general, banks are not experiencing any serious collection problems.

There are, however, scattered reports of slowing down of collections in some areas by different categories of borrowers in various lines. For example, the distributive trade, small concerns, and used car dealers are mentioned as loan sectors that bear watching.

#### **Interest Rates**

The responding bankers generally expect the situation with respect to interest rates to be firm. The

anticipated brisk demand for credit is likely to produce a slight upward pressure on rates for some categories of loans and investments.

### Boston District (1)

The general expectation is for a high, steady level of business during the second half. The normal vacation slack should be followed by a sustained fall pick-up. Factory output and trade should continue moderately above a year ago, but the margin could be narrower than during the first half.

Industries likely to be most active include shoes, paper, rubber products, plastics.

Rising activity will probably occur in machinery, some electrical products and machine tools, although defense deliveries in these lines may be below a year ago.

Textiles present a mixed pattern due to the strike in cotton and synthetics, changes in mill ownership and management, and the highly competitive struggle between the various fibers. A topping-out of the present upward cycle by the end of this year should not be surprising.

**Commercial Loans**—A moderate upward trend somewhat more than seasonal, is generally expected, due to rising demand for raw materials and finished goods at all levels.

**Consumer Credit Loans**—Total is likely to be no more than even and may decrease slightly due to lower demand for auto, appliance and home improvement loans.

**Real Estate Loans** — With competition extremely keen, any increase will be small, and some decrease late in the year is a possibility.

**Agricultural Loans**—If crops are normal, trend should be moderately higher.

The trend of bank loans for the last six months of 1955 as compared with the last six months of 1954:

The first half has increased contra-seasonally, and with at least a seasonal increase in the second half, loan totals at the yearend should be 10% to 12% above the end of 1954, largely due to commercial loans.

On commercial loans the trend of interest rates is stiffening. If the prime rate does not rise in the fall, those above it will edge up, raising the average. The rates on consumer, real estate and agricultural loans are unchanged.

### New York District (2)

Indications are that business activity will probably hold close to present levels throughout the summer, with prospects for a further rise in the fall. Prospects appear most favorable for the durable goods lines, such as machinery, and metal fabricating. Retailers in the aggregate should do at least as well as last year.

**Commercial Loans**—There should be an increase perhaps somewhat more than seasonal.

**Consumer Credit Loans**—A moderate increase is expected.

**Real Estate Loans**—Demand continues strong but rate of increase slackening.

**Agricultural Loans**—Normal seasonal pattern is expected to prevail. In some banks, the loan portfolio may be affected by the actions of the Commodity Credit Corporation.

The trend of bank loans the last six months of 1955 as compared with the last six months of 1954 should be significantly higher.

Rates on commercial loans are expected to be firmer. No significant increases are expected in rates on consumer and real estate loans.

### Philadelphia District (3)

The outlook for the last half of 1955 for the principal industries is generally good. This probably would be reflected in the wholesale, distributive, retail and consumer markets with some slight variances.

Industries related to automobile production may face some curtailment, and commodities and textiles may experience some further readjustment. There are, however, no significant areas of weakness.

Industrialization of the Lower Delaware Valley and the movement of several major industrial concerns into that area will help to brighten the prospects there.

**Commercial Loans**—A modest increase is expected.

**Consumer Credit Loans**—It is expected that demand will continue firm at present levels.

**Real Estate Loans**—It is anticipated that there will be little if any change in this category, with any trend likely to be slightly lower than present levels.

**Agricultural Loans**—Agricultural loans are not a factor in the loan portfolio of many banks in this area. Some banks, however, reported higher volume.

The trend of bank loans as compared with the 1954 period is expected to be higher, possibly 10% to 15%.

Interest rates are firm with a continuing upward pressure on rates with the intensity largely dependent upon Federal Reserve policies.

### Cleveland District (4)

Overall business conditions are expected to be as good in the second half of the year as in the first half—and that, of course, represents a very high level.

There is some feeling that steel production may slacken a bit as inventory rebuilding programs are completed and as automobile output takes its usual seasonal dip. However, examples of possible slackening can be countered with instances where production is rising, such as in machine tools.

**Commercial Loans**—Demand for commercial loans will continue strong in the second half of year. Consensus of opinion is that outstandings will be higher by yearend.

**Consumer Credit Loans**—Consumer credit outstandings also will be higher by the yearend, although the usual seasonal decline in auto sales should make the rise less than what was experienced in the first half.

**Real Estate Loans**—It is believed that the volume outstanding will be higher by the yearend, but there is some feeling that the change will be nominal.

**Agricultural Loans** — Seasonal considerations will produce a moderate rise in the second half of the year.



The general expectation is that loan volume will be stronger in all categories than was the case in the latter half of 1954.

It is expected that the interest rate structure will be firm during the second half of the year.

### Richmond District (5)

The outlook for the principal areas for the next six months is good. There seems to be considerable optimism, perhaps too much. Shipbuilding activity is down although prospects are improved as compared with last year.

In the metropolitan Washington area the recently enacted Government pay raise will add materially to the local payroll (retroactive to March), which should make the prospects for the last half of the year extremely good.

The high support prices for tobacco, peanuts, and cotton and the very good crop prospects indicate the probability of an excellent agricultural year.

There has been a high volume of activity in textiles but low mill margins. Prices would seem to indicate some basic weakness which may become more evident this fall. Conditions continue poor in the leather-tanning industry. There has been some improvement but conditions still are poor in the coal mining field. Some problems seem to have been overcome, so additional improvement may be experienced.

Generally, conditions throughout the district would indicate excellent prospects for the last six months of 1955.

**Commercial Loans** — The demand for commercial loans appears generally to be good.

**Consumer Credit Loans**—No change expected, with volume remaining about the same.

**Real Estate Loans**—Real estate loans will show a slight increase, due to high building activity.

**Agricultural Loans**—In the agricultural areas a slight decline is expected.

In general, a moderate increase is expected as compared with a year ago.

A moderate increase in interest rates is expected.

### Atlanta District (6)

Business conditions generally appear very favorable, with highest levels anticipated. Agriculture in some areas, however, was affected by the prolonged drought of 1954 and the first half of 1955. Recent rains have greatly improved prospects. Better than average returns are expected from the high citrus crop in Florida.

**Commercial Loans**—The general feeling is that there will be a slight increase in the volume of these loans.

**Consumer Credit Loans** — Continued demand, but possibly some trend to lesser volume of loans.

**Real Estate Loans**—The trend of real estate loans will be higher.

**Agricultural Loans**—Trend downward due to season. The volume of loans in all divisions should be slightly up as compared with the first six months of 1954. Possibly there will be an increase of 5%.

A slight upward adjustment can be expected. However, it was reported that it was difficult to put into

effect any increases, particularly among large customers. The trend for term loans with low interest continues unabated.

### Chicago District (7)

The outlook for business in the last half of the year appears quite favorable.

Crop prospects in the Midwest are quite good but prices are down, indicating a somewhat lower total for agricultural income.

In Iowa, manufacturing plants for aircraft parts, farm equipment, tractor and automobile tires continue to have a satisfactory backlog of orders, and steady employment is indicated. The outlook in the publishing and insurance fields continues bright. There is considerable highway construction, but competition between contractors is holding bids down and the profit margins will continue to be small for the volume.

In Illinois, the outlook for the petroleum industry is good. Steel expects operations to continue at the same rate as during the first half of the year. The outlook for the electrical industry is excellent, and the household appliance industry expects that the last half of the year will be better than the last half of 1954. A 3% to 5% increase is expected by the merchandisers in Chicago.

Farm equipment is generally optimistic, and the railroads expect operating revenues will be good.

There is a high level of construction in and around Chicago, indicating a continued high demand for cement and other construction materials.

In Michigan the outlook continues to be quite favorable, although some slackening is expected in the automobile industry in the third quarter.

**Commercial Loans**—A further increase in business loans in the last half of the year is expected. The expected increase in seasonal borrowers plus moderate inventory accumulation, which will be partially financed by borrowing, are the factors expected to bring about the increase. However, one of the respondents from Iowa indicated that commercial loans were likely to be down in the last half. He indicated that high loans to cover inventories for heavy orders from manufacturing and to cover retail inventories for anticipated summer trade accounted for the all-time peak at the present time.

**Consumer Credit Loans**—A further moderate increase in consumer borrowing in the last half of this year is expected. Some pointed to the prospect of declining auto production in the third quarter as a factor moderating the rise during that period. Only one banker expected a net decline in consumer loans in the last half of this year.

**Real Estate Loans**—The general expectation is for a further moderate increase in real estate loans in the last half. A banker from Chicago indicated that even if the rate of housing starts should decline before yearend, the demand for credit to finance projects already started indicates an increase in the volume of mortgage credit outstanding. Only one replying banker expected a decline in real estate loans.

**Agricultural Loans**—Stability to moderately higher volume characterized the opinions of most of the bankers replying to this question. The usual seasonal

(CONTINUED ON PAGE 150)



UNITED PRESS

At the bank merger bill hearings, l. to r., Assistant Attorney General Stanley N. Barnes, in charge of the Justice Department's antitrust division; Rep. McCulloch, R., Ohio; Rep. Keating, R., N. Y.; and Rep. Celler, D., N. Y., sponsor of legislation to extend Clayton Act to cover bank mergers in which the effect would be "substantially to lessen competition"

Washington

## The Bank Merger Hearings

LAWRENCE STAFFORD

**B**ANK merger legislation has lately picked up hefty support. Influential elements of the Eisenhower Administration have joined Congressional "liberals" to back this project.

It was not expected to pass both Houses this session of Congress. On the other hand, barring political or economic accidents that might divert the attention of Congress, it is likely to be a most live legislative and political project in 1956.

As some informed officials see this, enactment of special legislation directed particularly against bank mergers will cause at least two long-range trends in the commercial banking business.

(1) With such legislation on the books, every bank merger, purchase, or consolidation will become potentially vulnerable to political attack. This will be as true of the merger of medium-sized and some relatively smaller banks as of such recent headline mergers as took place earlier this year, especially in New York City.

(2) In view of the above, the so-called "antitrust aspects of a bank merger" as a matter of practice will become the over-riding consideration determining whether such merger shall be approved. Other considerations will become secondary. It must first be determined, probably by the Department of Justice, that a proposed merger does not tend "substantially to lessen competition," before any other factors governing the merits of a merger may be considered.

The idea is that bank mergers would be subjected to the Clayton Act standard of whether they would tend "substantially to lessen competition." Under this act, the test is local, not national. The substantial lessening of competition within a city or even within a small community could act as a bar to a merger.

No one can say, of course, how small an area could be used in setting the frame or how vigorously the Department would restrict mergers. It could be that in future

years the Department of Justice will consider that if there are two banks in a small city and one absorbs another, this is a literal "substantial lessening" of competition. Or the Department could figure that even if only one bank remains, there is a city close enough with banking facilities to offer competition to the lone remaining bank.

No one can say, because this will lie in the future, assuming the legislation takes the form of an amendment to the Clayton Act. The whole subject of what is a lessening of competition in banking will have to evolve through administrative action and judicial review over many years.

Only a "rescue operation," in which a strong bank absorbs a definitely failing bank, will be clearly exempt, it was indicated in Department of Justice testimony.

Banks are one of several classes of special industries whose Clayton Act aspects are handled by various Federal regulatory agencies, such as the Interstate Commerce Commis-

sion for rail carriers, the Federal Communications Commission for the communication carriers, the Civil Aeronautics Board for airlines, and so on.

Clayton Act policies of bank mergers at present are handled by the appropriate bank supervisory agency with jurisdiction over the particular type of chartered bank resulting from the merger.

Thus the purpose of this pending legislation is to single out the commercial banking industry from other regulated industries for special legislation to control the merger trend—currently quite prevalent throughout the business economy.

### Celler Started Agitation

Rep. Emanuel Celler (D., N. Y.), chairman of the House Judiciary Committee, started the agitation for legislation to put a tighter rein on commercial bank mergers. Following the mergers in New York City, Mr. Celler wrote letters protesting them to New York's Superintendent of Banking, to the Federal supervisory officials and to the Department of Justice.

Mr. Celler originally got little aid and comfort from either the supervisory officials or the Justice Department. Then he began his Judiciary Antitrust subcommittee hearings. Initially, except for the Federal Reserve Board, supervisory officials appeared to see no particular cause for alarm in the bank merger movement or need for special legislation.

Thus, for instance, Ray M. Gidney, Comptroller of the Currency, asserted that the trend was toward growing and keener competition among banks and indicated that the merger trend was helping make stiff competition possible.

Eventually the Federal Reserve Board supported special legislation directed against bank mergers. Chairman William McChesney Martin agreed that one of Mr. Celler's antibank merger bills was satisfactory with modifications.

This was the bill that would remove the exemption which banks along with railroads, steamship companies, and other industries have from the prohibition against merger via the route of assets acquisition under the Clayton Act. The Celler bill would take banks alone out from under this exempt status.

Mr. Martin, however, proposed

that the Department of Justice should become the sole enforcing agency. This would relieve the Federal Reserve Board particularly of the responsibility for enforcing the ban on mergers lessening competition.

A second modification proposed by Governor Martin would substitute for the present rule that a merger be banned which tended "substantially to lessen competition," one which would bar a merger which tended "unduly to lessen competition."

Purpose of the second modifica-

tion, the Reserve Board chairman explained, was to allow more latitude for approval of mergers desirable for other economic and financial reasons, without applying such a relatively rigid test as could now be used under the Clayton Act.

### Justice Supports

Originally the Assistant Attorney General in charge of the antitrust division, Stanley N. Barnes, proposed to various Congressional committees only that "they give thought to" removing the special treatment banks get along with the other sep-

### Status of Banking Legislation

*Here is the status, at mid-July, of legislation of direct or indirect interest to banks. When this was written Congress was moving rapidly as it prepared to adjourn.*

Subject	Status
Patman investigation of FR Open Market Committee	House killed this project
Regulation of savings and loan association branches	Passed Senate with amendments; House committee action pending
Abolish mandatory cumulative voting of national bank shares	Passed Senate; House Committee approval doubtful
Bank holding company regulation	"Independents'" bill passed House; a compromise with supervisors' views and Independents was sought in Senate subcommittee
"Comptroller's bills," to improve capacity of national banks to loan on real estate; permitting waiver of one national bank exam in two years; extending area where a national bank director may live; etc.	Passed Senate; expected, barring a log jam of legislation, to pass House
Small Business Administration extension	30-day extension enacted; two-year extension is imminent
Housing amendments of 1955	Passed Senate; awaiting compromise before presentation to House for a vote
Defense production act extension	On way to final approval
Farm Credit Act of 1955	Ready for House approval; Senate likely to take up House bill
President's plan for Farmers Home loans to part-time farmers	No action yet; some opposition
New arrangement on Farmers Home insured mortgage loans	Reported out of Senate committee; inactive at present in House
Temporary \$6-billion boost in Federal debt limit	Cleared both Houses
Bank supervisory official salary boosts	No action but anticipated might become active soon

## Washington's International Financial Contacts

HERBERT BRATTER

WITH the vast growth of the United States' international financial role as a result of World War II, keeping in close contact with world developments has come to constitute a major activity of the Treasury Department, the Federal Reserve Board, and the Federal Reserve Bank of New York. The Treasury's Office of International Finance has more than 50 professional people in its service in Washington and abroad plus another hundred or so nonprofessionals. The Federal Reserve Board has about 40 persons on its "international" staff in Washington; and there is hardly a day when someone from the Board or its staff is not abroad contacting foreign central banks and collecting first-hand information.

The first U.S. financial attachés abroad were those sent to London during the 1920s. Later Secretary Henry Morgenthau, Jr., who believed in first-hand reports, appointed direct Treasury representatives overseas. In 1934 he sent Prof. James Harvey Rogers on a round-the-world trip and named Prof. J. Lossing Buck as his silver observer in China. The Customs Bureau long has had its own agents abroad. Today Treasury men are attached to our embassies in London, Paris, Bonn, Rome, Beirut, Tokyo, Manila, and Brazil. These are mostly career men from the Treasury, State Department, and Federal Reserve Board. One is a former banker, Clarence Hunter, the Treasury representative of the U. S. mission to NATO.

FREQUENTLY Treasury officials go abroad to attend international conferences, participate in special missions, etc. Thus Secretary Humphrey and others attended the Rio de Janeiro Conference last fall, Mr. Burgess the Caracas Conference, Mr. Overby the latest OEEC meeting. The U.S. Treasury always fills an important place at the annual Fund and Bank meetings, where it both gives and receives information. In Washington it is in frequent contact with the Fund and

Bank and the international staff of the Federal Reserve Board; and is in turn contacted by the financial men in Washington from Britain, France, Netherlands, Japan, Brazil, and many other countries for gathering information and conducting negotiations. To look into special situations in places where no regular Treasury man is posted, the Department not infrequently sends a special inquirer.

Both the Treasury and the Federal Reserve get regular run-of-the-mine information from the embassy reports to the State Department.

THE Federal Reserve Board and New York bank also get a steady flow of financial statistics, laws and regulations directly from foreign central banks and the Bank for International Settlements. Board and bank representatives travel extensively outside the country and meet foreign central and other bankers who come to the U.S.A., sometimes under State Department sponsorship. Contacts are maintained, too, with foreign banks' representatives resident in New York and Washington. The New York "Fed" is the System's agent in foreign affairs.

As part of its collaboration with the State Department, the Board staff advises on the banking aspects of the handbook which is sent to reporting officers in our embassies for their guidance. This helps bring in background information needed to interpret foreign developments.

INFORMATION gathered by the Treasury is mainly for its guidance on current problems and policies. That collected by the Reserve System, which naturally has daily contacts with commercial banks, tends to be disseminated among the latter. The *Monthly Review* of the Federal Reserve Bank of New York always contains one article on an international subject. The bank regularly publishes export credit information on Latin American countries. The *Federal Reserve Bulletin*, too, contains articles with international angles.

arately regulated, specified industries (but Mr. Barnes made no effort to catch these other industries under special treatment also).

Finally, before Mr. Celler's anti-trust Judiciary subcommittee, Mr. Barnes later definitely supported the Celler bill to amend the Clayton Act with respect to banks, accepting the modifications proposed by the Federal Reserve Board.

### Other Agencies Disagree

At first, it appeared from the mass of testimony before two different committees, the Comptroller of the Currency and the Federal Deposit Insurance Corporation did not go along with the Federal Reserve Board or favor any special legislation.

For instance, the Comptroller pointed out that while he has always considered the effect of mergers upon competition, other factors peculiar to the nature of commercial banking have predominated in determining whether a bank merger, consolidation, or purchase should be approved. He sought to answer such questions as the following:

Does the bank which results from a merger find itself better able to serve the community with loans? Is its management superior to that which a separate institution had before the merger? Are depositors better protected? Are the merging institutions complementary so that the merged bank becomes a stronger institution? Is there some legitimate reason why a smaller bank should sell out, such as lack of trained, young men to take over from a retiring bank executive, or estate troubles?

### Humphrey Supports

At this point it was revealed by Mr. Barnes that Treasury Secretary Humphrey supported the "principle" that the acquisition of one bank by another should not be permitted if its effect may be substantially to lessen competition.

Thereafter, both the Comptroller and the FDIC pledged their support to legislation of this character.

There are three main pending proposals, all in the form of bills introduced by Mr. Celler.

(1) The first would modify the Clayton Act so as to make the acquisition of one bank's assets by an

(CONTINUED ON PAGE 105)



# "In God We Trust"

THE story of the motto, In God We Trust, is told in a leaflet distributed by The Chase Manhattan Bank's Museum of Moneys of the World. A specimen of the 2-cent piece on which the motto first appeared (illustrated on this page) is on display in this always popular tourist—and resident—attraction in the Wall Street neighborhood. The bit of numismatic history told by the Chase Manhattan museum follows:

THE Rev. Mr. Watkinson was troubled. In his small parish at Ridleyville, Pennsylvania, he brooded over the low ebb of Union fortunes after Fort Sumter and Bull Run. He deplored the godlessness of a nation seven months in civil war.

One cheerless November day in 1861 he sat down at the antique desk in his rectory and wrote a letter of singular eloquence to the Secretary of the Treasury.

"One fact touching our currency has hitherto been seriously overlooked," he wrote. "I mean the recognition of the Almighty God in some form in our coins. What if our Republic were now shattered beyond reconstruction? Would not the antiquaries of succeeding centuries rightly reason from our past that we were a heathen nation?"

\* \* \*

The Secretary of the Treasury was Salmon P. Chase, one of Lincoln's ablest cabinet members. Later he was to become Chief Justice of the Supreme Court of the United States, and it was in his honor that the Chase National Bank of the City of New York was named in 1877.

The Secretary, deep in problems of war financing, read this letter from the Rev. Mr. Watkinson and promptly recognized the merit of his plea. Within a week he had dispatched a note to the Director of the Mint in Philadelphia, James Pollock.

"No nation can be strong except in the strength of God," the note read, echoing the sentiments of the clergyman, "or safe except in His defense. The trust of our people in God should be declared on our national coins.

"You will cause a device to be prepared without unnecessary delay with a motto expressing in the fewest and tersest words possible this national recognition."

The Director of the Mint acted quickly on the Secretary's order. Before the year was out a bronze pattern for a \$10 piece with the motto *God, Our Trust* had been submitted. Shortly thereafter, *Our Country; Our God* was suggested. But it was not until 1864 that *In God We Trust* first appeared on a United States coin, a 2-cent piece. Salmon P. Chase himself had proposed this inscription.

THE motto "In God We Trust," long familiar on U. S. gold and silver coins and various other pieces, under a measure which has been recently enacted will ultimately appear on all new coins and paper money. The first banknotes carrying the inscription will be printed when the new dies are installed by the Bureau of Engraving and Printing under its previously contemplated program for a more economical method of printing banknotes.

"In God We Trust" first appeared on U. S. coins during the Civil War. Moved by the appeal of a Pennsylvania minister that we recognize the Almighty in some form on our coins, Secretary of the Treasury Salmon P. Chase directed the Mint to do so "in the fewest and tersest words possible." The motto ultimately chosen may have got its inspiration from the line in the *Star Spangled Banner*, "And this be our motto—'In God is our trust'."

## TR's Controversy

President Theodore Roosevelt provoked a hot controversy with religious groups when, in 1907, he directed sculptor Augustus St. Gaudens to omit the motto from the new gold coins he was designing. Called "an infidel," TR vigorously defended himself. Use of "In God We Trust" on coins, he maintained, was irreverent and dangerously close to sacrilege. Such use tended to cheapen "a beautiful and solemn sentence" and was "profoundly to be regretted." Teddy added that he had never heard anyone speak reverently of the coin motto. On the contrary, he pointed out that through the decades of "free silver" debate the motto had been a subject of jest and ridicule, resulting in slogans like, "In God We Trust for short weight."

Congress overruled Teddy, but did not make the motto mandatory, as is now being done, thanks mainly to several Democratic members of the Congress.

References to the Deity are found on American coins of colonial days. A 1694 cent prays, "God preserve Carolina and the lords proprietors." Others ask that "God preserve New England." A Louisiana piece blesses the name of the Lord. Utah 1849 gold pieces carry similar mottoes. English coins for centuries have referred to *Dei Gratia*, the Grace of God.

HERBERT BRATTER



First coin to bear the motto. (Courtesy Chase Manhattan Collection)

U.S. 2cpc. 1864

# How Was YOUR Convention?

**T**HE season for the annual meetings of the state bankers associations is just about over, so how about a quick report on some of the idea potential that was available to the good listener?

BANKING, of course, couldn't make the rounds of the sessions—there were 40 in May and June—but we did catch a look at many of the programs, and from them it was possible to get a pretty good notion of what went on around the 1955 convention circuit.

As has been suggested, the bankers listened. They heard about the world today, and what's happening in their particular segment of it. They heard bullish reports about business and the outlook. They heard Government officials, industrialists, professors, economists, Cabinet members, and other bankers discuss such subjects as the progressive mechanization of bank operations (including, naturally, "electronics"), Government financing, the Uniform Commercial Code, the home mortgage credit program, agricultural prospects, retirement and insurance programs for the staffs of member banks.

They were reminded of the competition for the saver's dollar, the importance of planned public and community relations. They listened to talks on such diverse subjects as the financing of the St. Lawrence Waterway and the guaranteed annual wage.

In short, their state association officers and secretaries had provided programs that built background. And because a banker's background is never completed, the conventions contributed information and interpretation that covered developments far from the note case and the condition statement.

## A Busy Year

The formal programs were supplemented, as usual, by the presidential and committee reports which told what the associations had done during an unusually busy year to assist bank management in improving earnings, expanding service and services, increasing the public understanding of and regard for the banking business, strengthening staff relations.

These executives, in their resumes, had considerable to say about com-

munity and public relations, as developed through such media as "Know Your Bank Week," scholarships (increasingly popular with banks, it seems), conferences for bank directors and women officers, activities in farm areas, a program for developing and expanding the business and industry of an entire state, campaigns for better audits and controls.

Committee and commission work is an important part of state association service, and the 1955 reports covered many practical studies and projects.

## Everyone's Convention

But all the talking at a convention doesn't take place at the rostrum—not by a long shot. All the speakers aren't listed on the printed program.

Everybody who attends one of these meetings is, in a real sense, a contributor to the purpose of the convention: the exchange of ideas. He visits and talks shop with old friends and new acquaintances, with the man who sits next to him at lunch and dinner. He gives and he gets information, and thus makes fullest use of his convention. That's

## SOME NEW HEADS OF

*Below. left to right: WYOMING—D. M. Crouse, executive vice-president and cashier, Stockgrowers State Bank, Worland; VERMONT—Frank W. Black, executive vice-president, The Peoples National Bank, Barre; WASHINGTON—V. J. Bouillon, president, Washington National Bank, Ellensburg*



## At a State Association Annual Meeting Everybody Exchanges Ideas

just what its planners wanted to happen.

If, after considerable harmless eavesdropping at the 1955 annual meetings of the state associations, you had assembled a composite of the matters which, judging by many personal conversations, were interesting bankers this year, the result might be something like this:

Bankers talked about the increase in mergers. ("What's going to happen in your town, Ed?" "I understand that the First is getting the Second.")

### **The Manpower Shortage . . . and Earnings, of Course**

They talked about the shortage in manpower. ("Joe, you're not getting any younger. Who's going to succeed you?" "Well, Fred, I don't know. But I'm looking around." Or: "I've brought John to this convention. We're sort of grooming him for my job, and I want him to get acquainted.")

They talked about earnings. ("We're trying to do a better sales job at our shop. There's a staff new business contest going on right now, and the results are mighty good.")

"We think the answer is more loans: greater variety, lines new to us.")

They talked about operations. ("This electronics stuff is too rich for us, but I suppose it will be within our reach eventually. Meanwhile, we've just put in some new machines. . .")

There was talk among the bankers, too, about the brighter, friendlier quarters banks are building throughout the country. ("You should look over our new place, Harry. We let ourselves go, architecturally, and the customers really like it. And that community meeting room is booked solid for the next six months.")

The trend toward more branches, particularly in industrial and heavily populated areas, provided a conversation piece, too. The value of offices in shopping centers, location of branches in suburbs, and the services required by the new housing "developments" were other subjects on which the bankers compared notes.

### **And the Parking Problem**

Be sure that the parking problem wasn't overlooked, either. Or the

### **Busy Schedules**

*PRESIDENT Homer J. Livingston of the American Bankers Association and Vice-president Fred F. Florence had busy schedules during the months the state association annual meetings were being held. When this report was written, each had spoken at 12 conventions and each was scheduled for two more.*

problems incident to extra hours of service: What's the best evening to be open? How do you arrange the staff schedule?

### **Nowhere Else Can You Get So Much**

Well, that's the sort of thing you get at a convention; and it's something a banker can get nowhere else.

Hope you attended your state's meeting this year—and that you're putting it on your engagement schedule for 1956.

J. L. C.

## STATE ASSOCIATIONS

*Below, left to right: WISCONSIN—M. W. Irgens, executive vice-president, Lancaster State Bank, Lancaster; ILLINOIS—L. Ralph Stevens, executive vice-president, National Bank of Canton; COLORADO—A. H. Trautwein, executive vice-president, Greeley National Bank, Greeley*



# METHODS and IDEAS

## Operating Procedures

"Methods and Ideas," which includes "Public Relations," is by JOHN L. COOLEY of BANKING'S staff.

### A.B.A. Has New Credit Inquiry Form

THE BANK MANAGEMENT COMMISSION of the American Bankers Association has published a new form to expedite the answering of credit inquiries about instalment loan customers.

The form provides all the information that is normally given in reply to questions from other banks and finance companies. It covers savings and checking accounts held by the applicant, a resume of the bank's credit experience, and comments.

Information is for the inquirer's "own use and in strict confidence." The report is accepted "upon the condition that neither this bank nor any member of its staff shall be responsible for the accuracy" of the opinions provided, "nor under obligation to notify you of changes affecting such opinions."

### Inactive Savings Accounts

SEVERAL steps toward reducing the exposure to fraud through manipulation of inactive savings accounts were suggested by Richard L. Brower, general auditor of The Bowery Savings Bank, New York City, at a National Association of Bank Auditors and Comptrollers conference.

First, he said, segregate your inactive accounts, removing them from the active file and putting them under lock and strict control. He defined an inactive as one that has had no transaction in three

The Bank Management Commission's new form for speeding requests for credit information

years or longer. (The ledger card notation that interest has been entered on the passbook shouldn't be regarded as a transaction.)

"When a depositor with an inactive account wishes to make a deposit or withdrawal, or have the interest entered in his passbook," said Mr. Brower, "the teller should prepare a requisition and present it with the passbook to the officer or individual who has custody of the inactive ledger cards. This person should retain the requisition for his

use to adjust the controls, as that account would then go into the active controls. The requisitions should be retained until the auditor releases them.

"The auditor or control officer should periodically prepare a trial balance of the inactive records, accounting for all accounts which had either been closed out or reactivated since his previous examination. Strict control should be maintained over the records until verification forms have been completed. The

Form No. 14

Form Approved, Federal and State Governments by  
THE NATIONAL BUREAU OF STANDARDS  
AMERICAN BANKERS ASSOCIATION

### Credit Inquiry Form

**CONFIDENTIAL**

The statements in this report are only opinions furnished in response to your inquiry, solely as a matter of courtesy for your own use in strict confidence. You accept this report upon the condition that neither this bank nor any member of its staff shall be responsible for the accuracy of such opinions, nor under obligation to notify you of changes affecting such opinions.

Regarding subject your inquiry dated \_\_\_\_\_

Name \_\_\_\_\_  
(If name is omitted, address is required.)

SAVINGS ACCOUNT      LOW ☐      MEDIUM ☐      HIGH ☐      FIGURE  
OPEN ☐      CLOSED ☐

CHECKING ACCOUNT      LOW ☐      MEDIUM ☐      HIGH ☐      FIGURE  
OPEN ☐      CLOSED ☐

SATISFACTORY ☐      UNSATISFACTORY ☐

CREDIT EXPERIENCE

LOANS ARE GRANTED . . . FREQUENTLY ☐ . . . OCCASIONALLY ☐ . . . SELDOM ☐

MAXIMUM CREDIT EXTENDED \$ \_\_\_\_\_ SECURED ☐ . . . UNSECURED ☐

PRESENT OUTSTANDINGS . . . SECURED \$ \_\_\_\_\_ UNSECURED \$ \_\_\_\_\_

RELATIONSHIP . . . SATISFACTORY ☐ . . . UNSATISFACTORY ☐

COMMENTS \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

BANK \_\_\_\_\_

By \_\_\_\_\_

TITLE \_\_\_\_\_

REPRODUCED BY THE AMERICAN BANKERS ASSOCIATION      100-3710-1-100



verification form should be of the positive type."

The first verification of inactive accounts should be 100%. If the control officer is satisfied that the controls are properly maintained, future periodical verifications should include only accounts that had a transaction to activate or close them during the interim.

"In banks that do not segregate their inactive accounts or have proper control over them, the auditor or control officer should prepare a trial balance of the ledgers and account for every closed out account since his previous examination. The individual accounts should then be scanned. Those which have been inactive for three years or more, and recently have had a small deposit or large withdrawal, should be confirmed.

"The closed accounts should also be reviewed. Those inactive for three years or more before the account was closed should be confirmed."

### **"Operation Dawn" Speeds Collections**

THE FIRST NATIONAL BANK OF CINCINNATI has a simple plan that's speeding check collections, increasing employee earnings, and reducing the volume of funds in transit.

"We announced to proof machine operators," says Cashier Edward J. Renneker, "that if they would report for work one hour earlier each day, their salary for this hour would be their regular pay plus time and one-half. Of course, their leaving time would be an hour earlier.

"There was some reluctance to their accepting this early schedule, 7 A.M. The first group selected were the more experienced and capable operators. Whatever indifferent attitude may have existed quickly changed when operators realized that by starting early and working the same number of hours, their earnings would be increased considerably.

"The results have been most gratifying. Customers enjoy faster collection on their deposited checks, employees have increased their earnings, and the bank has reduced the amount of funds in transit.

"Now the operators are so anxious to be selected for the 'Dawn' opera-

tion that they have increased their production. We now select the more capable operators and this encourages the remaining group to increase their speed and reduce errors so that they, too, will be considered for the 'Dawn' group."

Assistant Cashier A. J. Tieman helped work up the idea and handled the mechanics of the operation during the test stage.

The Research Institute of America gave an award of merit to Mr. Renneker and a citation to the bank's president, Fred A. Dowd, for this achievement.

Mr. Renneker, the Institute's member for the First National, in submitting the plan to RIOA, observed:

"When there are time schedules to meet which provide attractive benefits to a business, its customers and employees, a method of special or incentive pay merits consideration."

### **Who Pays for Unprofitable Accounts?**

HERE'S an observation by Charles M. Collingwood, auditor, Bristol County Trust Company, Taunton, Mass.:

"We sometimes forget, when we talk about the effect of a proposed activity charge program, that we are not talking about our good accounts, but about our unprofitable accounts.

"Think what it would mean in operating expenses as compared with the income that these accounts that aren't paying their own way

would produce if we had no service or activity charge, or if we did not revise our old schedules. You as an employee or an officer in a bank do not want the cost of those accounts taken out of your salary. Neither do I think that your stockholders feel they want to pay for it.

"But somebody has to pay for these services we are rendering. If the employees and stockholders do not want to, then only the good accounts are left to carry the burden. Would you like to go to your good accounts and tell them you are making so much money on them that you are giving a lot of other people free service because of them?"

### **Birth Control of Records**

A RECORDS retention program should start with "a control of the birth of records"; if production is controlled the retention problem is greatly simplified, says Edward T. Shipley, auditor, Wachovia Bank and Trust Company, Winston-Salem, N. C.

"Each type of record and each specific record should be subjected to some simple questions," Mr. Shipley told a National Association of Bank Auditors and Comptrollers conference. "Does it serve a purpose? If not, do not create it. How many copies should be made? If more than one, how many ultimately find their way into the file? If the information must be retained, there is no necessity for keeping it on two pieces of paper in two separate

(CONTINUED ON PAGE 130)

**"Operation Dawn" in the proof department of The First National Bank of Cincinnati**



# Public Relations

*Advertising . . . Promotion . . . Business Development . . .  
Community Relations*

## "The Nicest Girls in Banking"

"WE think we have 'em," said THE TORONTO-DOMINION BANK in a newspaper ad—and that started something!

The *Toronto Daily Star*, which published the advertisement (see illustration), went to town. It sent a photographer to every bank in the city and then ran almost a full page of pictures: "We Have the Nicest Banking Girls . . . Who Says So? We Do!" And there was a story headed: "Pass your passbook to a pretty girl, sir. Banks are full of them."

"Next time you're in a bank," wrote the reporter, "raise your peepers from your passbook long enough to catch a look at the beauty the situation affords. You'll find bank girls are mighty pretty. So pretty, in fact, you'll be lucky if you ever look at the passbook again."

The "nicest girls" hassle started calmly enough. Toronto-Dominion is featuring three advertising themes this year. One is a series on the bank staff members—their pleasant, friendly service and helpful cooperation. The ads talk briefly about one person (manager, teller, account-

We think  
we have the  
nicest girls  
in banking

THE TORONTO-DOMINION BANK  
THE BEST IN BANKING SERVICE



ant), and his job. When the young lady who represented the girls was featured the fun started. The *Star* carried an editorial headed "What Happened to Scrooge?" Commenting on the picture, it said: "No nonsense here about capital reserves, interest rates or mortgage facilities. Just a simple message extolling nice girls giving nice service, accompanied by a portrait of a comely miss. . . ."

The Toronto-Dominion reports that the staff was "slightly stun-

The ad that started the controversy

ned," but as one manager remarked, "This ad caused more comment than any other bank advertising I can remember." A customer of the Montreal office brought his favorite teller a bouquet of roses and told her she was his choice for "nicest girl in banking."

## "Bank Day" Club Program Starts

THE first "Bank at Your Club," a program originated by the

Speakers' Table, Indianapolis "Bank Day at Your Club," *l. to r.*, Don E. Warrick, executive manager, IBA; Otto J. Feucht, president, Bankers Trust Co.; A. A. Tietz, president, Indianapolis Conference, NABAC, auditor, Merchants National Bank and Trust Co.; Clarence F. Elbert, president, Indianapolis Chapter, A.I.B., assistant cashier, Indiana National Bank; Felix T. McWhirter, vice-president, Felix M. McWhirter, president, Peoples Bank and Trust Co.; Frank E. McKinney, president, Fidelity Trust Co.; Otto N. Frenzel, president, Indianapolis Clearing House Association and president, Merchants National; F. D. Wallace, president, Indianapolis Kiwanis. (Continued on next page.)



FINANCIAL PUBLIC RELATIONS ASSOCIATION, was held in Indianapolis where the Downtown Kiwanis Club, the clearing house association and the Indiana Bankers Association co-operated in telling the Kiwanians about today's banking business.

At the "speakers' table of presidents" for the luncheon sat the heads of the Indianapolis banks, of the clearing house, Indianapolis Chapter of the American Institute of Banking, Indianapolis Conference of the National Association of Bank Auditors and Comptrollers, Indianapolis Corporate Fiduciary Association, and the Bankers Instalment Credit Association of Indianapolis. Others included several bankers who are Kiwanis Club members and the executive manager of the IBA.

William B. Conner, Jr., vice-president, Merchants National Bank and Trust Company, arranged the program and was toastmaster. The speaker, S. E. Lauther, president of the IBA and of the Irwin Union Bank and Trust Company, sketched today's banking services. He pointed out that many bankers are continuing their education and training by attending schools and conferences.

The "Bank Day at Your Club" program, which is to be nationwide, is a means of informing American organizations of the services performed by modern banking.

### Bank Starts Speakers Bureau

ON the theory that it's a bank's job to "give the public a down-to-earth picture of what banks are, what they do, and why they do it," LASALLE NATIONAL of Chicago has established a speakers bureau.

Willis B. Conner, Jr., vice-president, Merchants National; S. E. Lauther, president, IBA, president, Irwin Union Bank and Trust Co.; William P. Flynn, president, Indiana National; Evans Woolen, Jr., president, American Fletcher National Bank and Trust Co.; Garrett T. Browning, president, Live Stock Exchange Bank; Harry R. Fuller, vice-president, Indiana National; Lyman H. Wolfla, president, Indianapolis Corporate Fiduciary Association, assistant trust officer, American Fletcher; Roger G. Hormell, president, Bankers Instalment Credit Association of Indianapolis, assistant cashier, Indiana National; Henry J. Frenzel, assistant vice-president, Merchants National

### WILL YOU MAKE AN INVESTMENT IN OUR NEIGHBORHOOD TEEN-AGERS? GIVE OUR BOYS (14 to 18 years) A CHANCE TO EARN AND LEARN

Sponsored by the Commissioners' Youth Council — Neighborhood Area Boards



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- Running Errands
- Garden & Yard Work
- Cleaning Basements
- Daytime Babysitting
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EM 3-2440	"E"	5601 Conn. Ave. N.W.
RA 1-8222	"F"	4th & Whittier Sts., N.W.
NA 8-6000, ext. 2564	"G-H"	14th & Taylor Sts., N.W.
IJ 3-6302	"N"	619 D Street, S.E.
IJ 3-7389 or	"P"	10th & G Sts., N.E. or
IJ 7-7797	"W-X"	2210 H Street, N.E.
LU 1-1458		Anacostia Recreation Center

Let's Encourage Our Teen-Agers To Save —

They Are Our Investment In The Future Of America!

**THE NATIONAL BANK of WASHINGTON**

Member Federal Reserve System • Member Federal Deposit Insurance Corporation

Fifty thousand customers of The National Bank of Washington, in the national capital, received this form with their monthly statements. The bank is cooperating with civic groups in sponsoring the "Odd Jobs Pool" of the District of Columbia Commissioners' Youth Council. The plan, in effect all summer, gives teen-age boys a chance to earn money by doing jobs around the house and garden. The telephone numbers are those of the city centers where a boy's services can be requested

Several officers and staff members are now ready to present the message of banking to church, school, civic, industrial, and social groups.

Months of study and training have been devoted to perfecting texts and delivery of the speakers' talks, says Assistant Vice-president William P. Scott. The talks are widely diversified as to context and group appeal. Most of them employ visual aids in one form or another. Some are for banking groups.

The bank has invited organizations in the Chicago area to make use of the bureau's services.

"The messages we have to bring," Mr. Scott points out, "are not lectures. We'll talk with our audiences rather than at them. We hope to bring out the very human qualities and elements of our business; to help dissolve the myth of austerity which has been our heritage for too many years."

So far, 18 talks are available. Subjects include: "Why You Need a Checking Account"; "Your Community Bank"; "So You Want to Borrow Money"; "The Banking Function"; "How Banks Serve Women"; "Time Payments—Types and Trends"; "Planning Your Estate"; "Instalment Financing"; "Bank Operations" (for banking groups); "Overcoming Sales Objections" (for bankers, schools or industry).

### "DYHASDB?"

YOU can't pronounce it, but we'll bet that you, like many folks in Fort Worth, wonder what it means!

When contact employees in THE FORT WORTH NATIONAL BANK wore lapel badges printed "DYHASDB," customers succumbed to curiosity.

"That stands for 'Do You Have a Safe Deposit Box,'" they were told. "We're having a big push on boxes





Gary (Ind.) National Bank, which held its first women's finance forum four years ago, invited the men to its 1955 series, so now the event is just "finance forum." Mrs. Ivy Baker Priest, Treasurer of the United States, spoke at this year's opener. In the photo: l. to r., A. D. Milteer, the bank's president; Mrs. Priest (seated); Assistant Trust Officer Mary Jessee; and Board Chairman W. W. Gasser

this month, and I'd like to rent one to you."

Rod Maclean, president of the Financial Advertisers Association, reporting use of this gimmick to the bank management clinic of the Kansas Bankers Association, went on to say that Reed Sass of Fort Worth National had found the teaser so successful (183 box rentals in two weeks) that the bank tried a similar plan. This time the lapel badge bore the figures 7500 over 1. The curious customer was told: "I'm glad you asked me, Mr. Jones. That means we have 7,500 safe deposit boxes here in the bank and that we're saving one for you."

In four days the bank rented 105 boxes. No prizes were offered.

Mr. Maclean pointed out that this inexpensive gimmick had the merit of starting sales conversations.

He also offered the Kansans a couple of other ideas for sales-minded bank employees to use in their contacts with stores, service stations, and other places where they shop.

"Teach them," he suggested, "to introduce themselves to these potential bank customers. Have them say, 'I'm Dick Rowe and I work for the First National Bank,' adding, 'We

(CONTINUED ON PAGE 126)

## Bank's Exhibit Room Builds Goodwill

*The public relations officer of the Erie County Savings Bank, Buffalo, N. Y., reports on a public service that has been most effective in improving the bank's community relations.*

WE'VE been asked by friends and business associates, "Why do you devote so much time and expense to make a large exhibit room in your bank available to various groups?"

The answer is: Experience has shown that this service has done us immeasurable good in a two-fold way. First, it has created a tremendous amount of goodwill for us among clubs, civic groups, fraternal and social organizations, educational agencies, industrial firms, etc. And second, it has brought into our bank many people who might not have come in otherwise. It's not unusual for as many as 1,000 persons to visit the exhibit room during one banking day. Since the room opened in June 1951, more than 400,000 have crossed its threshold.

### Exhibitors Provide Materials

The groups provide the exhibit materials. For example, as this is written the Air National Guard is staging a display which was opened by a helicopter landing, with a major general aboard, during the busy noon hour right outside our downtown location. In the room the Guard had set up a trainer, a cut-away jet engine, a radio station in contact with the air base, and displays of uniforms and equipment.

We have also been successful with these types of exhibits: hobbies and models, Goodwill Industries, games and

toys, graphic arts, camera club, public school art classes, collections, interior design and home furnishings, architects' association, travel agencies, cartoons and ceramics, among others. Most displays are scheduled for a full month, and in most cases the attendance figures have held up well.

Never have we tried to capitalize commercially on the exhibit room. We could have yielded to the temptation to plaster it with signs and banners, even pipe in our radio commercials, but we haven't done so. We believe that our determination to keep advertising out has been one of the big reasons for the room's success.

The room is on the ground floor, just below the main banking floor, with an entrance from the street. It covers 2,009 square feet, has eight glass display cases, five tables, two window display units, three show cases, two sliding panels, and 29 wall panels which can be assembled in any combination.

Most of the exhibits have real news value; the papers have been very cooperative.

### Best Goodwill Builder

We honestly feel that our exhibit room has done more to improve the community relations of the Erie County Savings Bank than anything that has been done in the bank's 100-year history. Through it we have made tens of thousands of friends. As far as we know we are the only bank operating an exhibit room in just this way. If anybody knows of a similar project we'd appreciate hearing about it.

BENDER E. GILBERT

Erie County Savings Bank's exhibit room, with a display of political campaign material

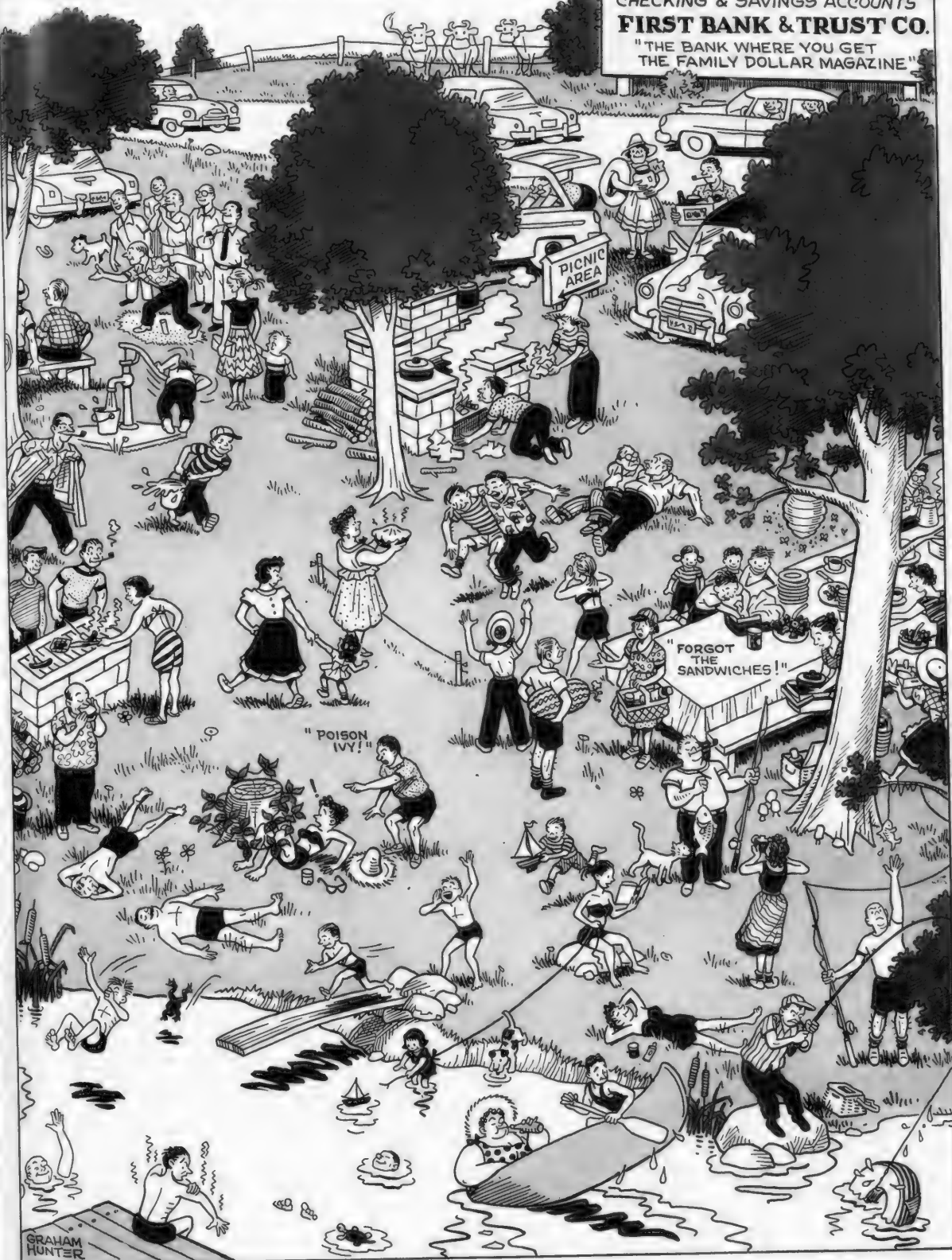




# OFFICE PICNIC —

THE PRESIDENT AND THE CHAIRMAN OF THE BOARD  
HAVE JUST LOST THE THREE-LEGGED RACE.

BANK BY MAIL • HOME LOANS  
CHECKING & SAVINGS ACCOUNTS  
**FIRST BANK & TRUST CO.**  
"THE BANK WHERE YOU GET  
THE FAMILY DOLLAR MAGAZINE"



# Savings Trend Still Sharply Up

MR. MILLET, president of the Troy (N. Y.) Savings Bank, is chairman of the Savings Management and Operations Committee of the A.B.A. Savings and Mortgage Division which made the survey that is the basis of this article. The tables were prepared from replies to a questionnaire sent to all mutual savings banks and a cross-section of commercial banks.

THE continuous rise in savings deposits during the postwar years, higher rates of interest paid by banks on savings accounts, higher average balances on deposit,

## JOHN I. MILLET

and the popularity of special-purpose savings plans are the highlights of a nationwide survey of savings recently completed by the Savings and Mortgage Division of the American Bankers Association.

Every section of the country has shown an upward trend in savings during the three-year period following the savings survey made in 1952. The increase is general in all banks and approximates a gain of 7½% each year for commercial banks, and 8% for mutual savings banks.

The growth of savings during the past 15-year period of war and a postwar economy has been the greatest of all time. Savings in banks have more than doubled since 1940, and deposit growth in that period was greater than the total savings accumulated in all banks in more than 100 years of their history.

Coincident with the general upward trend in the volume of savings deposits, banks have experienced an ever-rising average size in the individual savings account. In commercial banks the average account

(CONTINUED ON PAGE 118)

## COMMERCIAL BANKS

### I. Savings Account Information

	1954	1953	1952
Growth in Savings Deposits (Rate of deposit increase)	7.65%	7.37%	7.39%
Average Size of Deposit (Total deposits, divided by the number of accounts)	\$1093	\$1060	\$1023
Deposit Ratio (Deposits as a % of total savings)	48.53%	49.41%	49.85%
Turnover of Deposits (Withdrawals as a % of the average amount of savings deposits)	45.9%	46.1%	46.2%
Withdrawal Ratio (Withdrawals as a % of annual deposits)	92.21%	90.54%	86.51%
Closed Account Ratio Accounts closed as a % of accounts opened)	89.45%	91.11%	84.50%
Effective Interest Rate (Total interest paid as a % of total deposits)	1.44%	1.39%	1.33%

### II. Interest Rate Information

	Number of Replies *
a. Rate	
(1) Paying up to 1%	326
(2) Paying above 1½% but not over 2%	280
(3) Paying above 1% but not over 1½	115
(4) Paying 2½% or more	43
b. Interest payment period	
(1) Semi-annually	731
(2) Quarterly	25
(3) Annually	3
c. Day interest begins	
(1) First of the month following day of deposit	394
(2) From day of deposit	112
d. Minimum balances required	
(1) Up to \$5.00	186
(2) No minimum balance required	168
(3) From \$5.01 to \$10.00	136
(4) From \$10.01 to \$25.00	107
(5) From \$25.01 to \$50.00	90
(6) From \$50.01 to \$100.00	63
e. Interest ceases at a maximum balance	
(1) No maximum balance restriction	697
(2) Maximum balance \$10,000 to \$25,000	34
(3) Maximum balance up to \$1,000	17
(4) Maximum balance \$2,500 to \$5,000	12

### f. Split rate of interest being paid

(1) No split rate in force	666
(2) Split rate—with highest rate on smaller balance	86
g. Interest rate increases:	
(1) No rate increase 1953-1955	556
(2) Increase in 1953	139
(3) Increase in 1954	65
(4) Increase in 1955	34
h. Results—when rate was increased	
(1) Increase in volume	184
(2) Increase in number of accounts	176
i. Considering rate increase	
(1) No	485
(2) Yes	46

### III. Activity Charges

	Number of Replies *
a. Activity charges on account transactions	
(1) No	504
(2) Yes	268
b. Type of activity charges on accounts	
(1) Relate to withdrawal transactions	244
(2) Relate to size of account	58
(3) Relate to purposes unspecified	34
(4) Relate to deposit transactions	19
c. Charges imposed for other services	
(1) No	560
(2) Yes	177
d. Type of charges for other services	
(1) Relate to checks or money orders	159
(2) And/or charges on other services	74
(3) Relate to Savings Bond redemptions	3
e. Any other type of charges?	
(1) No	591
(2) Yes	107

### IV. Special Purpose Savings Plans

	Number of Replies *
a. Special purpose savings plans available	
(1) Yes	468
(2) No	304
b. Type of plan	
(1) Christmas Club	456
(2) Vacation Club	83
(3) School Savings	65
(4) Payroll deductions	46

\*Total replies included in this tabulation 793—but not all replied to all questions.

# 1955 Survey Shows High Withdrawal Ratio, Emphasizing Need for Added Effort to Hold Deposit Gains

c. Interest paid on special purpose savings	
(1) School Savings	65
(2) All other plans	41
d. Preference for collection period on special purpose accounts:	
(1) Weekly	322
(2) Bi-weekly	111
(3) Monthly	39
e. Offering Certificates of Deposit	
(1) Yes	535
(2) No	211

## V. General Information

	Number of Replies
a. Provide U. S. Savings Bonds to customers	
(1) Yes	778
(2) No	8
b. Interest charge on passbook loans	
(1) 4½% or less	387
(2) More than 4½%	291
c. Any evening banking hours?	
(1) No	567
(2) Yes	210

## MUTUAL SAVINGS BANKS

### I. Savings Account Information

	1954	1953	1952
Growth in Savings Deposits (Percentage of deposit increase)	7.98%	7.85%	8.13%
Average Size of Accounts (Total deposits, divided by the number of accounts)	\$1665	\$1568	\$1474
Deposit Ratio (Annual deposits as a % of total deposits)	29.36%	29.37%	29.41%
Turnover of Deposits (Withdrawals as a % of the average amount of saving deposits)	25.1%	25.0%	25.2%
Withdrawal Ratio (Withdrawals as a % of annual deposits)	82.20%	82.02%	81.13%
Closed Account Ratio (Accounts closed as a % of accounts opened)	89.25%	88.38%	84.86%
Effective Interest Rate (Total interest paid as a % of total deposits)	2.38%	2.29%	2.22%

### II. Interest Rate Information

	Number of Replies *
a. Rate	
(1) Paying over 2½%	191
(2) Paying above 2% but not over 2½%	140
(3) Paying about 1½% but not over 2%	8
(4) Paying above 1% but not over 1½%	1
b. Interest payment period	
(1) Semi-annually	269
(2) Quarterly	63
(3) Annually	6
c. Day interest begins	
(1) First of the month following day of deposit	229
(2) From day of deposit	45
d. Minimum balances required	
(1) Up to \$5.00	229
(2) No minimum balance required	62
(3) From \$10.01 to \$25.00	25
(4) From \$5.01 to \$10.00	18
e. Interest ceases at a maximum balance	
(1) No maximum balance restriction	223
(2) From \$10,000 to \$25,000	117
f. Split-rate of interest being paid	
(1) No split-rate in force	329
(2) Split-rate, with highest rate on smaller balances	11
g. Interest rate increases	
(1) No rate increase, 1953-1955	125
(2) Increase in 1954	98
(3) Increase in 1953	76
(4) Increase in 1955	58
h. Result—when rate was increased	
(1) Increase in volume	173
(2) Increase in number of accounts	123

### i. Considering rate increase

(1) No	116
(2) Yes	34

### III. Activity Charges

	Number of Replies *
a. Activity charges on account transactions	
(1) No	325
(2) Yes	14
b. Type of activity charges on accounts	
(1) Relate to withdrawal transactions	10
(2) Relate to size of account	3
(3) Relate to deposit transactions	1
c. Charges made for other services	
(1) Yes	210
(2) No	128
d. Type of charges for other services	
(1) Relate to checks or money orders	229
(2) Miscellaneous charges	21
(3) Relate to savings bond redemptions	8
e. Charges for other types of services	
(1) No	286
(2) Yes	31

### IV. Special Purpose Savings Plans

	Number of Replies *
a. Special purpose savings plan is available	
(1) Yes	318
(2) No	17
b. Type of plan	
(1) Christmas Club	296
(2) Vacation Club	181
(3) School savings	178
(4) Payroll deduction plan	98
c. Interest paid on special purpose savings	
(1) School savings	159
(2) All other plans	57
d. Preference for collection period on savings plans	
(1) Weekly	180
(2) Bi-weekly	46
(3) Monthly	13
e. Offering Certificates of Deposit	
(1) No	317
(2) Yes	7

### V. General Information

	Number of Replies *
a. Provide U. S. Savings Bonds to customers	
(1) Yes	327
(2) No	12
b. Interest charge on passbook loans	
(1) 4½% or less	258
(2) More than 4½%	73
c. Any evening banking hours?	
(1) Yes	174
(2) No	163

\*Total replies included in this tabulation 340—but not all replied to all questions.

# "Mortgaged to the Hilt"

**T**HE budget should be balanced by retrenchment in expenditures, said Senator Harry F. Byrd (D., Va.), chairman of the Senate Finance Committee, in a statement announcing that he would support "with reluctance" another \$6-billion temporary increase in the Federal debt ceiling.

"If we cannot do this now when we are at peace, with the highest prosperity in our history, when can we balance the budget?" asked the Senator. "Continual increase in the public debt means ultimate disaster. The fact that we have lost half of the purchasing power of the American dollar since 1940 is attributable in large measure to deficit spending."

## Cut Unexpended Balances

Senator Byrd said the deficit in the now current fiscal year was "largely the result of tax reductions" which he had opposed.

"It is the height of folly," he asserted, "to reduce taxes and add the loss to the public debt. In fact, the Federal fiscal situation has worsened since the temporary increase was granted a year ago, and to this extent continuation of the temporary \$6-billion increase will be a tighter limitation on expenditures than it has been in the past year."

Senator Byrd urged the Administration and Congress "to get better control of expenditures within the coming year by reducing the unexpended balances which the President in his budget document estimated at \$82-billion as of July 1, 1955." He pointed out that action by Congress in the 1954 Revenue Act requiring a more even distribution of corporation tax payments throughout the year would eliminate some of the peaks and valleys in revenue collections.

"Because of the tremendous unexpended balances, over which there

is little annual expenditure control," he continued, "the debt ceiling at present is the only real control which Congress can exercise over expenditures. Under current circumstances the debt ceiling is not a fiscal gadget to be taken lightly; it is a significant safeguard for the protection of the financial stability of this nation."

## "More Than We Should Owe"

In Senator Byrd's opinion, the temporary increase "should be regarded by the Administration as an indication of Congressional notice that it will not be repeated again. In fact, a direct Federal debt of \$275-billion is more than we should owe."

"There is nothing more important today," the Senator continued, "than balancing the Federal budget, avoiding additional debt and provision for ultimate reduction of the debt. This nation grew great under fiscally sound policies, but we have now been exploiting our good credit for a quarter of a century. Fiscal soundness today is more imperative than ever in view of the worldwide obligations which have been assumed by the Federal Government."

## Debt Equals National Assets

The Virginia Senator's views on national finances were further developed in his address to the Chamber of Commerce of the United States. The Federal debt of \$280-billion, he said, was "equivalent to the full value of all the land, all the buildings, all the mines, all the machinery, all the livestock — everything of tangible value in the United States."

"I think no one can deny we are mortgaged to the hilt. If we add to this Federal debt the debts of the states and localities, we have an amount in excess of \$300-billion in direct public obligations."

Senator Byrd recalled that for 21 years out of the past 24 the United States has spent more than it has collected. The three budget balancings in that period were "more by accident than by design."

"Our acceptance of deficit spending for so long a period," he continued, "has weakened public resistance to the evils of this practice. Bad habits are hard to change."

## Surveys Like Hoover Commission's Are Necessities

Mr. Byrd said he was convinced that "with the pressure for more and more government," a constant examination of government, such as has been made by the Hoover Commission, was "a continuing necessity."

"With budgetary disclosure and Congressional control, under current circumstances and conditions, we should reject all new proposals for Federal spending innovations," he asserted. "In fact the budget for fiscal year 1956 could be reduced by \$5-billion by eliminating expenditures contemplated under new legislation and by eliminating increases in items under existing legislation. I would oppose all new proposals to invade the responsibilities of states, localities and individuals and start immediately to liquidate many of the programs already in existence," he added.

Foreign aid, the Senator asserted, "has got to stop some time, and so far as I am concerned the time to stop so-called economic aid is past due."

A balanced budget, he concluded, "could be in sight if (a) we do not increase spending, and (b) we do not reduce taxes. Assuming no further cut in taxes, only a 4% reduction in spending, in terms of the President's budget, would bring us to that highly desirable goal."



# Canada—World's Largest Per Capita Importer

CANADA leads the world in imports on a per capita basis. Her imports per person now exceed \$300 annually, this amount being nearly double the per capita imports of Britain, a country greatly dependent upon foreign sources of raw materials, and being also four times those of the United States per capita.

Any visitor to a large Canadian retail establishment would be apt to be amazed at the array and variety of foreign goods on display. These come from all directions, Asiatic as well as European and American, and include everyday necessities such as footwear and wearing apparel of the cheapest kind, and many fine articles of china and silver of which Canada has long been noted as a merchandiser.

In all, the position of Canada as the world's leading importer on a per capita basis has made her the easiest country to which other nations can export, but at the same time she has found exceptional difficulties in disposing abroad of several of her own exportable surpluses. The whole situation has led to increasing complaints to the Federal Government in Ottawa and to some re-examination of the Canadian tariff structure. So far the Government has been able to resist pressures for additional protection of any consequence and so to adhere to its policy of liberal trade with other nations. But the authorities in Ottawa have made some readjustments in customs duties, though mostly of a minor and reciprocal character. However, it is doubtful whether the authorities in Ottawa can maintain this policy much longer unless more liberal treatment can be accorded to Canada's exportable products elsewhere, particularly in the free world.

Some relief to Canadian industry occurred last year when imports declined quite markedly as a result of the business recession in that period and of lower prices in most foreign

CHARLES M. SHORT

countries. But this year Canadian imports have risen considerably and seem to be headed for an all-time peak, although exports have also increased.

Commodity imports rose almost 21% in May to an estimated \$435,000,000 from \$359,700,000 a year earlier, larger purchases from the United States accounting for a major part of the gain.

During the five months ending May, estimated imports from all countries aggregated \$1,808,300,000, up 10.6% from last year's \$1,634,000,000 and only narrowly below the record five-month total of \$1,810,300,000 in 1953. At the same time total exports jumped 10% to \$1,680,000,000 from \$1,524,400,000.

## Figures for U. S. Trade

The imports from the United States rose to \$1,350,700,000 from \$1,205,800,000; total exports to \$995,800,000 from \$932,100,000; and the import surplus climbed to \$354,900,000 from \$273,700,000.

The foregoing statements require some qualifying notes. In the first place, imports from the United States have been swelled by the great volume of construction work

in progress throughout Canada this year. In the first six months of 1955 construction awards rose to a record level, exceeding by more than \$160,000,000 those of the previous peak year of 1951. An interesting trend has developed. Whereas in 1951 the emphasis in dollar volume was on heavy engineering and industrial construction, this year the lion's share of business being done is concentrated in the residential and commercial categories. At the same time, it should be mentioned that engineering and industrial have both appreciably improved their positions over the 1954 totals, attributable to the contribution of such projects as the St. Lawrence Seaway.

All told, the Canadian economic structure is being strained by foreign competition, with consequent greater trade deficits and drains on its large gold reserves. Moreover, American capital investments in Canada have been on a declining scale during the past year, a drop which is not being fully offset by greater investments by European interests, particularly those of Britain. However, it might be noted in conclusion that American oil companies continue to pour vast sums of money into the major petroleum area of Western Canada.

At the Port of Montreal



CANADIAN PACIFIC RAILWAY

# The Private Use of Corporate Funds

*Four suggestions are made for dealing with this sometimes costly problem*

JOHN E. CORRIGAN, JR.

*The author is a member of the law department of The First National Bank of Chicago.*

SOME lessons banking has learned have come hard. Some have been expensive. One of the most expensive and most painful has been that one should not take corporate checks in satisfaction of personal debts. This now seems obvious. Everyone knows it. But is such complacency warranted? Are we sure that we have learned the lesson for which fellow bankers have paid so high a tuition fee?

Let us examine briefly the types of cases which have made law on the subject. The basic proposition is: The directors, officers, and employees of a corporation cannot lawfully divert its property or pledge its credit to the payment or security of their individual debts. If they do so, the parties with whom they deal are accountable to the corporation.<sup>1</sup> This sounds self-evident. But many bankers' shattered reputations attest to the fact that it is not so evident.

## The Friendly Cashier

Take the facts of a leading case on the subject.<sup>2</sup> The cashier of a brokerage firm had a personal bank loan secured by a certificate of stock. The brokerage firm also acted as broker for the bank in executing its purchases and sales of securities. The cashier was friendly with and had daily contacts with many of the bank's officers and the bank personnel connected with delivery of certificates. The cashier was highly respected by both his employer and

the bank. One day the bank became upset over the collateral and asked that the note be paid. The cashier in reply requested that the note and collateral be delivered at his cashier's cage in the brokerage office, at which time he would give a check in full payment. He then had prepared a check on his employer, which he had countersigned, and delivered this in exchange for his note and collateral. The check was wholly unauthorized but was accepted by the bank as one of many checks which came in frequently during transactions between the two institutions.

## Not Holder in Due Course

Subsequently, the cashier's books were checked, showing this among other embezzlements. The trading firm demanded reimbursement, and, in the suit resulting from the bank's refusal, recovered not only the full principal but several years' interest, as well as costs of the suit. It did the bank no good to argue that the trading firm was itself negligent in allowing its trusted employee to procure the check involved. The bank likewise failed in its defense that the Negotiable Instrument Law, enacted in 48 states, protected it as a holder in due course. The court held that a holder in due course is the taker of an instrument which must be good on its face. The check involved here was not.

Cases like this underlie the rule that where a bank receives a check of a corporation which is not indebted to it, the bank holds such funds for the order of the corporation. If the bank makes any application of these funds, such as for the personal benefit of a corporate employee, the bank does so at its peril.

In most of the reported cases, this same pattern recurs. A trusted mem-

ber of a firm obtains a corporate instrument with which he pays a personal obligation, and the bank, presuming the application proper, credits the funds without inquiry. The assumption cannot be made that, by taking innocently, the bank is a holder in due course, as the law is clear that under such circumstances the taker is considered to have notice of an infirmity from the face of the instrument.<sup>3</sup>

A case somewhat harder on the bank involved occurred on the following facts. The treasurer of a manufacturing company carried his account with a bank in the local town. The corporation also carried a small account there, having a large account in a nearby city bank. The company presented the local bank with a corporate resolution extending to three named individuals—its president, its secretary, its treasurer—the broadest powers to act for the corporation. Among these were the power to borrow in the name of the corporation, to pledge corporate assets, and to draw checks for it.

## Notice of Irregularity

The treasurer unsuccessfully speculated on the stock market and sent his brokerage firm his personal check on the local bank for \$25,000 to cover his loan. When this check was presented for payment, the account contained \$44.24. One day later he covered the shortage with a check payable to the local bank drawn on the corporation account at the city bank and signed by him as the corporation treasurer. The local bank president called the city bank and was told that the corporate check would be honored. It was. When the treasurer's actions were

(CONTINUED ON PAGE 138)

<sup>1</sup> 19 C.J.S. 135 Corporations.

<sup>2</sup> *Paine, Webber & Co. v. Sheridan Trust & Sav. Bk.*, 342 Ill. 342.

<sup>3</sup> *Culhane v. Rockford Finance & Thrift Co.* (C.C.A., Ill., 1934), 74 F.2d 1.

# Open-end Mortgages?

## *Yes, but watch your step*

MR. JONES is vice-president of the Security-First National Bank of Los Angeles and president of the Savings and Mortgage Division of the American Bankers Association.

THE open-end mortgage has become a popular subject, and there has been a great deal said about it and a great amount of agitation for its use. Actually it is not something new. Most states have had some provision in their laws for additional advances on a mortgage or trust deed for many years. Some banks have had mortgages or trust deeds permitting additional advances for 25 to 50 years.

The original agitation for the use of the open-end mortgage came mainly from one or two national magazines. Some appliance salesmen quickly saw in this easy credit device, with its low monthly payment, an opportunity to sell a great many more appliances. For some time now, a great deal of publicity has been given to the idea, and lending institutions have been urged to use it freely.

### **Care in Using It**

There is very definitely a proper use for an open-end mortgage, so-called, or an additional advance, but there is certain care that must be exercised in using it. In some states there is a very close distinction between an obligatory advance under a credit instrument and an optional advance. An obligatory credit advance has certain benefits and attaches certain lien rights which are not obtained through an optional advance. That distinction is one of the big problems to be solved in using the open-end mortgage.

When it is promoted as a means of easy credit for selling appliances, I am not sure that it is in the best interest of all concerned. Let us look at the over-all picture. In many ways, it seems quite illogical

### **JOSEPH R. JONES**

to fund the cost of a stove, refrigerator, or something of that type into a 25- or 30-year debt. For example, the stove or refrigerator wears out in eight or 10 years, and, if it is funded into the mortgage debt, it becomes part of the mortgage security with a first lien on it in favor of the holder of the mortgage. You can easily imagine the problem of the average person when he desires to replace it with a new stove or refrigerator. The way people are buying things today on credit, the average borrower might find it very difficult to buy a new stove or refrigerator for all cash.

### **A Few "Ifs"**

If that's so, the borrower must consider the types of credit available for the new purchase. If the old appliance was made part of the security for the mortgage, it cannot be removed without taking away part of the mortgage security. This can be done only with the consent of all lien holders. If the first lien holder would agree, without the consent of a junior lien holder, certain impairments of the first lien might result. If an appliance is part of the security for an FHA loan, the requirements are very definite. If foreclosure of such an FHA loan should occur, the appliance must be in the house, and free of any liens when conveyed to FHA to obtain full benefit of the FHA insurance. All of this presents definite legal problems, if a borrower wishes to purchase a replacement appliance or fixture on a conditional sales contract. Matters of this kind should have most careful consideration.

On the other hand, leaving the appliance purchases out of the picture, and thinking in terms of repairs or improvements to the home, then I think there are many instances in which the costs could be

funded into the long-term debt very logically.

An article appearing in a nationwide magazine recently speaks of the "mortgage that keeps on giving" in referring to an open-end type of contract. The philosophy behind this is that the mortgage never dies, but remains as a continuing and constant source of credit. It is suggested that, whenever the mortgagor needs anything, he need only go to the lender and obtain another advance under the mortgage to use for any purpose whatsoever. As a matter of fact, the magazine makes the statement: "the 'open-end' mortgage may well become the consumer credit instrument of the next generation." This is the way some people look at the open-end mortgage. On the other hand, the Federal Housing Administration, in permitting the use of the open-end clause in its mortgage or trust deed, sets up very definite limitations as to its use.

### **FHA Requirements**

FHA says the security for the mortgage must be primarily for residential use, not to exceed 4-family units, and that the advance may only be for a purpose that will "substantially protect or improve the basic livability or utility of the property." FHA further requires that the unpaid balance of the original loan plus additional advances may not exceed the original principal of the loan unless additional enclosed area is provided. This very definitely limits the use of open-end advances to improvement of the property which is security for the loan. This does not normally include the purchase of fixtures, such as plug-in appliances.

The Veterans Administration regulations follow closely those of FHA, using the same wording as to utility and livability. However, VA  
(CONTINUED ON PAGE 113)

# The Public Likes Drive-Ins

## *And Some Planning and Forethought Will Avoid Unfortunate Errors Found in a Few Early Examples*

ROBERT L. NILES

*The author is with the architectural firm of La Pierre, Litchfield and Partners, New York City.*

**I**N discussing the question of catering to the motor car trade, the president of a leading bank in a large town in Connecticut said: "We won't make any special provisions for motorists until competition forces us into it. The extra capital investment and the added operating expense incurred would amount to more than the return on any increase in deposits which the facilities might attract.

"Furthermore, I don't like the idea of losing personal contact with

my depositors, whom I might seldom see if they did business through a window in the back of the bank.

Drive-in branch of The Putnam Trust Company, Greenwich, Conn. Windows are 36 ft. apart, center to center. This branch was built only two to three blocks from the main office, away from the city's main streets

my depositors, whom I might seldom see if they did business through a window in the back of the bank.

"Nevertheless, if one of the other banks here should install drive-up windows, I suppose we would have to follow suit."

Another banker, however, in a town only 15 miles away was enthusiastic about the favorable reaction of the public to a drive-up window opened last year. "With the steadily increasing shortage of parking space in town," he explained, "we ran the risk of losing accounts to banks which had branches in suburban shopping centers or had already provided drive-up facilities at the main office. The extra cost of building and operating our window is relatively small, compared with the benefits gained."

Judging from the reports of "drive-up" additions and "auto-

bank" branches which are being built all over the country, it would seem that the enthusiastic banker was expressing the majority opinion.

There is no doubt that the public takes to drive-up windows. The Plainfield Trust Company, which was among the early banks to provide for motor car trade, reports that, during a recent Thursday, when the bank has evening hours, the number of cars served at three drive-up windows was:

8 to 10 A.M.	194
10 to Noon	161
Noon to 2 P.M.	197
6 to 8 P.M.	246
Total for that day	798

That is at the rate of 100 per hour,

"Carriage trade" window of the Coney Island branch of the Manufacturers Trust Co., New York





or an average of one every two minutes. The average number of cars which have been "driving up" per month has been running about 10,000.

At the Citizens and Manufacturers National Bank in Waterbury, a unique drive-up arrangement involving an automatic turntable was opened to the public on January 2, 1954. By the end of April this year it had been used by more than 62,000 cars.

### Varied Solutions

In order to provide for this new type of banking, various methods have been followed, depending on local conditions. For example:

(1) Additions to the main bank building where it was possible to buy, for a reasonable price, adjoining property large enough to accommodate the necessary driveways and tellers' booths.

(2) A branch "auto bank" and parking lot located on relatively inexpensive land four blocks from the main office.

(3) A large, individual bank building occupying a spacious plot half a mile from the center of town, where the original main office is now maintained as a branch. At the new site there is plenty of room for a porte-cochère, a drive-up window, and parking stalls for about 50 cars.

In other cases, large parking garages have been built in the center of the city, and a branch banking office on the main floor forms a relatively small part of the project.

But such major operations are outside the scope of this article, which is limited to a discussion of the principles of design applying to comparatively modest installations. Even though a proposed drive-up window may involve a small investment, the planning should be the subject of careful study to make sure that the service offered will prove eminently satisfactory to the bank's customers—and can be maintained at a minimum operating expense.

Here is a list of the principal requirements which must be satisfied if the windows are to function smoothly:

(1) A drive-up window must be on the left side of the driveway and far enough in from the sidewalk line so that five or six cars can wait their turns without encroaching on the public street. This means that,



A customer's car (center foreground) is shown on the 20-ft turntable of the Citizens and Manufacturers National Bank, Waterbury, Conn. This device solved the problem of a rear yard too small for cars to make U-turns. Controlled by "magic eyes," the turntable revolves 120 degrees three seconds after a car is in the proper position. A hot-water coil below it prevents the turntable from becoming clogged with ice and snow in winter months

allowing 20 ft. for each car, the distance from the sidewalk line to the center of the window should be at least 90 ft. Furthermore, the window should open on a tangent at least 20 ft. from the point of curve, so that the driver will have room to straighten out before he reaches the deal-tray.

(2) There must be enough land available to permit:

(a) A width of at least 10 ft. for a single lane or 18 ft. for a double-lane driveway;

(b) A minimum radius of 26 ft. for the center line of the lane on curves;

(c) Separate entrance and exit drives, so that there will be no crossing of traffic lanes.

(3) Local restrictions on the length of curb cuts and pitch of sidewalk must be considered, as well as police regulations governing left turns on streets which will be used by drive-up customers. In some instances, one or two parking meters must be eliminated where the driveway intersects the street.

(4) Stretch of roadway at least 20 ft. long at each window should be level to prevent cars from rolling and should be paved with concrete  
(CONTINUED ON PAGE 137)

A quadruple drive-in annex, with large, flush-type windows. Approaching drivers can see both windows and turn into either lane. The booth in the center of the picture is reached from the bank by a corridor in the upper part of the annex. A ground-level steel door serves as an emergency exit



# Gifts of Life Insurance

## *Under the 1954 Code*

**WILLIAM J. BOWE**

*The author is Professor of Law at Vanderbilt University, Nashville, Tenn. He is a member of the Bars of New York, Massachusetts, and Tennessee, and practiced in New York for 10 years before taking his present position at Vanderbilt. He is chairman of the Draftsmanship Committee on Wills and Trusts of the American Bar Association and is the author of Tax Planning for Estates, 1955 Revision; Life Insurance and Estate Tax Planning; and Income Tax Treatment of Life Insurance Proceeds.*

**F**OR YEARS, life insurance was the forbidden fruit in estate planning. It was impossible for an estate owner to provide through life insurance a fund to meet his death costs without subjecting the fund itself to estate taxes. Unlike any other property, the insurance he purchased he could not remove from his taxable estate by a lifetime gift. The 1954 Code has, at least for the time being, placed life insurance on a par with other forms of wealth by providing that only insurance owned by the decedent at the time of his death shall be included in his taxable estate. It is no longer important who paid the premiums. Only if the proceeds are payable to the estate of the insured or if the insured owns any rights in the policy, such as the right to change the beneficiary, borrow on or surrender the policy, or receive the dividends, etc., will the proceeds be taxed at his death. Thus a life insurance policy, like a stock or a bond or a parcel

of real estate, may now be transferred during life, thereby freeing it from death taxes.

### **Attractiveness of Policies for Gift Purposes**

The elimination of the rule that payment of the premiums would attract tax even if the insured did not own any rights in the policy has resulted in widespread gifts of insurance following the enactment of the 1954 Internal Revenue Code. Gifts of life insurance policies have a peculiar attractiveness to donors. The insured does not feel poorer in any real sense after such a transfer. The value of what is given is frequently nominal. His donee's dependence on him as pater familias is not lessened to any appreciable extent as it would be if the gift were in the form of stocks or bonds or other income-producing and immediately spendable wealth.

### **Gift Taxes on Gifts of Insurance**

Life insurance policies represent the cheapest kind of gift property. To remove \$100,000 of General Motors from an estate, stock of that value must be transferred and a gift tax computed on that value. In the case of the removal of \$100,000 of life insurance, only the present value of the policy is subject to tax. The gift tax value of a single-premium policy is measured by its replacement cost. Guggenheimer, 312 U.S. 254. An annual-premium policy is valued at its terminal reserve (only slightly more than the cash surrender value) except that a newly issued policy will be valued at its

replacement cost. Reg. 108, Sec. 86.19(i). If the donor continues to pay the premiums the amount of each premium constitutes a further gift. Gifts of policies and gifts of premiums may qualify for the annual exclusion as well as the \$30,000 lifetime exemption.

Assume that a father, a widower, has a \$100,000 policy with a present cash surrender value of \$20,000 which he transfers to his son. He thereby removes \$100,000 from his estate without incurring any gift tax. He deducts from the \$20,000 his \$3,000 annual exclusion and uses \$17,000 of his life-time exemption. A gift of \$100,000 of General Motors would not only exhaust his lifetime exemption but incur a gift tax of \$8,500. He may continue to pay the premiums and, to the extent that they do not exceed \$3,000 a year, they will fall within his annual exclusion.

### **Caution**

But taxpayers cannot be reminded too often that sham gifts will not achieve the desired end; something more than a paper transfer is required to satisfy the statute. The estate owner who executes a formal assignment of his policy, puts it back in his safety deposit box, continues to pay the premiums as before, and otherwise deals with the contract as his property may find that the Government will treat him as the real owner.

As with other property, beneficial ownership rather than naked legal title determines its tax status. In the Estate of Doerken the decedent was the owner of the policy according to its terms. 46 BTA 809.

On the paper record he had all the rights in the contract, but his corporation had paid all the premiums, borrowed on the policy, carried it as a corporate asset, and had possession and control of it. On these facts the court held that the corporation, rather than Doerken, was the real owner and the proceeds were therefore not part of Doerken's estate for tax purposes. The Treasury may be relied upon to cite this case as a basis for taxing policies which insureds have put in the names of their wives but have continued to dominate and control. Litigation as to the *bona fides* of many assignments may be safely anticipated. Hence donors should be particularly careful not to behave like owners after the transfers have been made.

It will be unwise for a donor to:

- (1) Retain possession of an assigned policy;
- (2) to borrow on the security of an assigned policy;
- (3) to include it in any statement of his assets;
- (4) to receive the dividends from his donee; or
- (5) to continue to pay the premiums directly.

Acts of the donee will also throw light on who really owns the policy. If he has possession, if he has borrowed on it for his own purposes, if he has carried it as an asset on his own books, and, most important, if he has paid the premiums, even though the funds were furnished by the donor, he will not only look like the real owner but he will develop a real sense of ownership, and the Government will have little chance of establishing a sham transfer.

### Necessity for Complete Gift

The transfer must be of all the right, title, and interest of the insured. He may not retain any rights in the policy either alone or in conjunction with any other person. Thus, his donee's power to change the beneficiary, cancel the policy, and obtain the cash surrender value, etc., must be absolute. The donor may not limit any of these rights by a requirement that his consent must first be obtained. He may not provide that, if his donee predeceases him, the policy shall revert to him. Any possibility that the property may return to him, if that

chance has a value of more than 5% (1 chance in 20) at the date of his death, will require inclusion of the proceeds in his taxable estate. There are those who have suggested that the possibility that he might inherit the policy from his donee might be regarded as within the 5% possibility-of-reverter rule. But this seems absurd. First, the right to inherit has no value, since the donee can deprive him of it at pleasure; secondly, no one has ever contended that any possibility of reverter existed when a man gave his wife 100 shares of General Motors, though the identical possibility of inheriting exists. But since this question has been raised and discussed it may be prudent to assign policies to trusts for the benefit of intended donees. Lawyers have long since learned how to avoid any possibility of reverter in the drafting of trust instruments. The subject of insurance trusts will be discussed later.

### Possibility of Change in Law

Many estate owners may hesitate to give away their policies in the belief that Congress may restore the old rule, thereby undoing all they tried to accomplish taxwise but leaving them bereft of their ownership. The possibility of change of law in this field should not be ignored. From the beginning, the courts and the Treasury have wavered between the premium payment test and the ownership test. At times one rule was in effect, at times the other. From 1942 to 1954 both tests were prescribed by the statute. The minority committee report on

the 1954 Code phrased the objections to the present rule most persuasively and indicated that the change was not unanimously approved. HR Rep. No. 1337, 83d Cong., 2d Sess. B14(1954).

While the possibility of a shift back to the old rules ought not to be ignored, it should not serve as a deterrent to action under the current law. Rather it should in many cases serve as an incentive to such action. In the past, changes have been prospective only. Thus in 1942, when Congress added the premium payment test, it provided that premiums paid before 1942 should be disregarded on policies already given away. Thus taxpayers who relied on the then existing rule were protected. While it is not certain that these precedents will be followed, the probabilities are so strong that even the most cautious planners are relying on them. As put by Albert Mannheimer in an address to the Bar Association of the City of New York, "it may be that some day we will look back to this period as a time during which the farsighted ones took advantage of short-lived favorable tax legislation by giving away their life insurance."

A client who plans to continue the payment of premiums will be well advised to give away his oldest policies. This will have the effect, as will be pointed out in greater detail in connection with the discussion on gifts in contemplation of death, of freeing a most substantial portion of his insurance from estate tax even if the old rules are reinstated in the not too distant future.

### Contemplation of Death

The proceeds of insurance may be included in the taxable estate under the contemplation of death section of the Code even if they escape the specific insurance section. Since gifts of insurance have been recognized as essentially testamentary in character, they are peculiarly vulnerable to this section. Vanderlip, 155 F.2d 152. It is generally extremely difficult, if not impossible, to find life reasons for gifts of insurance. The real values spring up only at death. Fortunately we have the 3-year conclusion presumption. Except for donors of extremely advanced years, the risk of

(CONTINUED ON PAGE 134)

Prof. Bowe



*A BANKING survey shows*

*a decided preference for Friday*

## Evening Bank Hours

**T**HIRTY-ONE branch offices of the larger New York City banks remain open on Monday nights. Seven other of the city's banks keep Monday evening hours. After a weekend away from home this may be of vital importance to many New Yorkers. But throughout the rest of the country the most popular bank night is Friday. This conclusion is based on replies to BANKING's questionnaire on trends in present-day banking hours.

One other conclusion can be drawn from the survey: The diversity of banking-hour schedules is almost as great as the number of banks in the country. Many factors—internal and external—influence the decision to close or not to close on Saturday, and whether to extend the hours on Monday or Friday. The social and economic fabric of a community often determines the banking hours. Employee morale and the availability of labor in competition with many 5-day industries and businesses must also be weighed.

### Compromise Is Necessary

Bank employees naturally favor a 5-day week, but nonbank workers often want Saturday-morning banking services because that is the most convenient time to transact their own bank affairs. Many banks have found it necessary to compromise in order to meet the conflicting pressures. Some open on Saturday morning with only a limited staff and provide limited banking services; others close on Wednesday and remain open on Saturday.

Whatever course a bank adopts, it is aware of its responsibility to

its community and more often attempts to meet the local needs rather than to set new trends. As in all other service industries, customer goodwill is paramount, and pleasing the public can often be an elusive pursuit.

### Diversity of Hours

The Manufacturers Trust Company (New York), in its *Holidays in the United States*, has condensed the regulations on Saturday closing. The bank cautions, however, that "the laws relating to the closing of banks on Saturday are generally permissive." With this reservation, the four categories into which banks can be put and the number of states where the laws are applicable are as follows:

(1) Banks are closed *all day* Saturday (three states and District of Columbia).

(2) Banks are closed Saturday *at noon* (five states).

(3) Most banks are closed *all day* Saturday in the larger cities. Other banks open Saturday until noon or 3 P.M. (15 states).

(4) Most banks close Saturday *at noon* in the larger cities. Others remain open until 3 P.M. (25 states).

### Legislative Regulations

Guaranty Trust Company (New York) in its *Banks and Public Holidays Throughout the World* lists 37 states in which legislation regulates Saturday closing and the 5-day week for banks. Five pages are required to give a minimum of detail.

The East, the Midwest, and the Far West show a greater percentage of Saturday closings. The South

still retains, to a larger degree, the traditional 5½- or 6-day week. The more rural or agricultural the region the more likely that the bank will be open on Saturday. But there are many exceptions and banks in industrial areas, such as New Castle (Pa.), for example, are open on Saturday. And, although the New Orleans banks are closed, many Louisiana banks remain open on Saturday.

### Local Conditions

The strong influence of local conditions was reflected in many of the replies. The Citizens National Bank of Camden (Arkansas), which has a 6-day week said: "It will be necessary for this area to become less agrarian before we can expect a great change." The Columbus (Georgia) Clearing House made a similar observation: "We have frequently discussed a 5-day week, but due to local conditions we have not felt justified in closing Saturday." Greeley, Colorado, concurs. Although Minnesota has permissive Saturday closing, the Winona National & Savings Bank does not find it feasible to take advantage of the law: "Actually, Saturday mornings are the busiest time of the week for us. Should we, however, decide to make a change, we would probably stay open Friday night instead, since Winona is a Friday night shopping town."

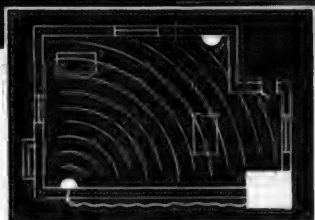
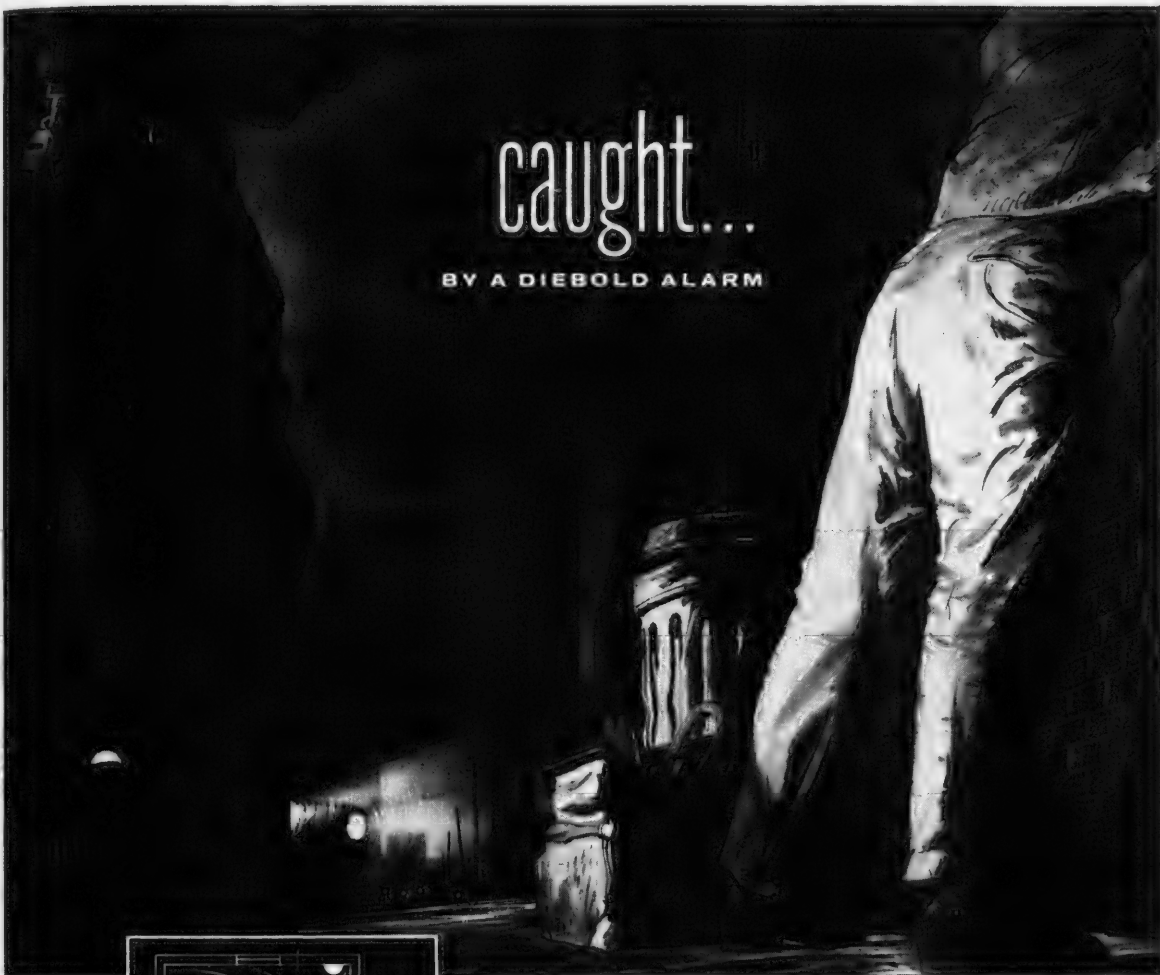
The growing custom of Friday night shopping is doubtless one of the chief reasons for the preponderance of Friday night banking. That Friday night is by far the most

(CONTINUED ON PAGE 132)



# caught...

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N-222-D1

# GOVERNMENT BONDS

*Treasury needs \$4-billion new cash . . . Gets \$2-billion from 1 7/8% T.A. certificates . . . Offers \$750,000,000 more 3% bonds . . . Increases amount of Treasury bills . . . Fourth quarter financing probabilities . . . Debt limit of \$281-billion extended*

MURRAY OLYPHANT

**W**HAT was done about the Treasury's cash needs for the rest of 1955 was a cautious straddle between the advocates of more long bonds and the proponents of sticking close to shore on maturities. Furthermore, the nature of the offering on July 5 was such as to put little strain on bank reserves, except very temporarily, so that the Open Market Committee would have little to do. Let's look at the details.

## **New Cash \$4-billion**

Previous estimates of the cash need for the third quarter of the year had been between \$3- and \$5-billion. A total of \$2,750,000,000 of new securities was offered. To this amount must be added between \$1-billion and \$1.3-billion as a possible result of continuing the weekly increase in the amount of Treasury bills for 13 weeks. If this is done, then the amount of new cash obtained during the quarter will be just about \$4-billion.

## **\$2-billion 1 7/8% Tax Anticipation Certificates**

Most of the money to be obtained from the cash offering was in the form of 1 7/8% tax anticipation certificates due on March 22, 1956, and usable on March 15 at par and interest to maturity in payment of income taxes, thereby slightly improving the income return to anyone paying taxes with them.

These TA certificates have, in the past, proved to be very popular with corporations, and the bulk of the issue will probably find its way into corporation accounts in due course.

Banks usually subscribe rather heavily to the initial offering and subsequently dispose of the certificates to others at some profit. Bank subscriptions may require some aid from the Open Market Committee until the redistribution is completed, but this should be temporary and of no great size. The OMC could readily buy Treasury bills to ease the reserve position of the banks. Any decrease in reserve requirement would not be needed.

For this issue the subscription books were open on July 8 only.

## **\$750,000,000 More 3% Bonds**

Apparently conferences with all the groups of long-term investing organizations, which were held in weeks preceding the offering date, convinced the Treasury that a real demand existed for somewhat more of the long-term 3% bonds.

The amount offered was only \$750,000,000, which should assure over-subscription, especially as the Treasury reserved the right to subscribe for Treasury trust accounts.

Subscriptions were taken on July 11 only.

Probably also in the mind of the Treasury was the thought that it would be a good idea to take \$750,000,000 out of the market in order to have somewhat less money available for mortgages and other investment media, both of which seem to have been in rather large supply. To make mortgage money somewhat less plentiful might tend to increase its cost and lead to more careful scrutiny of the risk involved.

For the present it would seem that the fear of slowing down busi-

ness volume by restricting the amount of credit available had been succeeded by some apprehension that business showed signs of running too fast. Hence the check-rein of more long-term Governments on the supply of credit.

## **Savings Institutions Get Part-Payment Privilege**

At long last the Treasury came up with a real attempt to protect the long-term investor. Savings institutions were permitted to subscribe on a part-payment plan: 25% of allotted subscription to be paid by July 20, 60% by September 1, and the balance by October 3. Savings institutions were defined as pension and retirement funds, both public and private; endowment funds, insurance companies, mutual savings banks, fraternal benefit associations and labor union insurance funds, savings and loan associations, credit unions, and other savings organizations, but not commercial banks.

In addition the Treasury expressly reserved the right to handle subscription in such a way as "to avoid excessive allotment of bonds to non-savings-types of investors."

These provisions should assure the savings institutions getting the amount of bonds which they estimate they want and can pay for over the next three months.

Under present condition all this may seem a little unnecessary. With the outlook for the market anything but bullish, anyone making a speculative subscription on a price basis is way off the track. The outstanding 3% bonds are quoted about 100 1/4-3/8 and are unlikely to move

up appreciably. Would you guarantee that before October 3 they would not sell below 100? They might, you know.

### More Treasury Bills

Over and above the \$2,750,000,000 of new cash obtained by the Treasury through the sale of the TA certificates and the additional amount of 3% bonds, more new cash will be received by increasing the outstanding amount of Treasury bills. The issue offered—dated July 1—was \$1.6-billion, up \$100,000,000 from the usual amount of \$1.5-billion of each of the 13 previous weekly issues.

If the rise is continued for the full cycle of 13 weeks, about \$1,200,000,000 more cash will be added to Treasury balances. Should the cash needs of the Treasury prove to be less than anticipated, the larger amount could be discontinued. Should they prove more, the amounts could be increased.

Nothing could be more revealing of the change in the character of

the ownership of Treasury bills than the willingness of the Treasury to put out more bills. Traditionally, bills are bank paper, but they are such no longer. Of the \$19.5-billion of bills now outstanding, less than \$1-billion are owned by the Federal Reserve banks. Only a little over \$1-billion are owned by the reporting member banks. Give the rest of the commercial banks another \$1-billion—which is probably a little high—and you have the remaining \$16.5-billion owned outside of the banking system.

Treasury bills have been just what the doctor ordered for corporate funds, and the corporations have been taking the subscription in steadily increasing quantities. With the income return on the bills showing a tendency to increase, it is probable that the demand from corporations will continue. Such financing is definitely noninflationary under present conditions and goes to show that times do change.

The first issue of the larger amount of bills was taken on an

average basis of about 1.54% per annum, as compared with 1.40% a week earlier. It seems probable that the rate will firm somewhat more.

### August Maturity Refunding and Thereafter

Getting the needed cash as one operation by itself leaves the Treasury with a very simple problem in refunding the nearly \$8.5-billion of 1½% certificates which mature on August 15. As pointed out here last month, only about \$2.5-billion of these certificates are owned by other than the Federal Reserve banks. These other owners are pretty surely short-term minded. A new 1-year certificate with a 2% coupon would probably be welcome in exchange and result in very little attrition.

The fourth quarter of 1955 should be very similar to the third from the standpoint of Treasury financing. There are no September maturities, but December has over \$12-billion. Here again large holdings  
(CONTINUED ON PAGE 97)

## THE INVESTMENT MARKETS H. EUGENE DICKHUTH

WHILE the corporate investment market remained relatively good, tax-exempt municipals experienced a rather severe shake-out. This was long expected, particularly in view of the rising money curve which, automatically, put a damper on yields of outstanding bonds. Moreover, since the rise in interest rates, however fractional, is apparently not yet completed, the outlook continues to be bearish for bond prices, generally.

The visible supply of state and municipal bond offerings for the next month, while lower than in previous 30-day periods owing to the summer doldrums, is still above \$400,000,000 which is apt to test the power of absorption of markets that are also coping with corporate issues and with Treasury financing. Presumably all will go well in the long run.

Higher yields were also reflected in the equity markets. Total dividends by the 25 stocks listed on the New York Stock Exchange which topped all others last year in cash payments increased 13% over 1953 payments on the same issues. Percentagewise, E. I. du Pont de Nemours led the list last year, with Bethlehem Steel second.

General Motors was the largest dividend payer in terms of dollars with disbursements of \$436,507,196 in 1954, against \$348,760,514 in 1953, followed by American Telephone and Telegraph with \$415,329,720, against \$367,714,714, and Standard Oil (N.J.) with \$280,475,885, compared with \$272,060,184 in 1953.

Generally speaking, the volume of public securities offerings in the first half of the year was smaller than

in 1954. The same applied to the month of June.

There were as many issues of bonds, but the dollar amount was much smaller. Tax-exempt issues totaled only \$2.8-billion in the first six months, compared with last year's record of \$3.7-billion.

Total new bond financing is estimated at \$5,509,345,000 for the first six months, covering 794 issues, against \$5,616,269,000 in the first half of 1954. About half of them were for housing and highway construction. Railroad obligations ran up the largest volume for the same period since 1954.

New stock offerings in the first half of the year aggregated about \$413,529,000, covering 90 issues. It was the smallest since 1951 and it compared with \$464,633,000 for 76 flotations in the same period last year. Industrial stock offerings were the highest since 1952, but public utilities flotations were the smallest since 1952.

Examining June bond offerings which amounted to \$967,771,000 for 108 new issues, against \$755,431,000 for 143 issues in May, it may be found that large flotations for housing projects and for Federal Home Loan banks were responsible for the gain. All other categories declined.

The over-all picture is that the demand for new money is likely to continue, as the availability of savings most likely will, but the differentiation of short- and long-term rates is becoming less accentuated than it has been in the past. There is certainly nothing in the present picture to encourage belief that bond prices will be higher within the foreseeable future.

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**To suit your needs.** You can photograph the fronts and backs of documents simultaneously side by side on 16mm film; or photograph the fronts down one side, then up the other . . . or across the full width of the film. A specially designed spacing control prevents film waste . . . gives you maximum number of images per foot with automatic or hand feeding. Glass document guides assure sharper pictures.



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Miss McCabe, Queen of Wisconsin's Dairyland, is shown with a 64-foot display of dairy products in the lobby of the First National Bank, Madison, Wisc., to mark Dairy Month

## News for Country Bankers

*This department is edited by MARY B. LEACH of BANKING's staff.*

### Dairy State Bank Marks Dairy Month

**O**VER 3,000 people ate more than 200 pounds of sliced cheese and drank over 50 gallons of milk, as the First National Bank, Madison, Wisc. served dairy products free to the public in its lobby on a recent Monday from 11 A.M. to 2 P.M. and 6:30 P.M. to 8 P.M. in recognition of Dairy Month.

Mary Ellen McCabe, queen of Wisconsin's Dairyland, better known as "Alice in Dairyland," helped to distribute sample snacks of dairy foods and recipes along with five other pretty girls.

A huge display of dairy products, including 15 different varieties of cheese, was located in the center of the lobby. The display covered 64 square feet and all three of Madison's dairies cooperatively furnished products for the display. A 180 pound Swiss Wheel graced the center of the display and spotlights were turned on it to highlight the various dairy products.

The milk dispensers were fur-

nished by the local dairies and the cheese was sliced in advance for First National by the Madison Milk Producers Association. The bank picked up the tab on the cost of the milk and cheese that was used.

In addition, First National gave Walt Disney's comic book, Snow White and the Seven Dwarfs in "The Milky Way," to the children.

In preparing for its Dairy Day promotion, First National consulted with the leaders of the Wisconsin Department of Agriculture and the American Dairy Association. It then made individual calls on the various dairies and the cheese companies to solicit their cooperation in helping with this project. Their response to these calls was highly enthusiastic.

The bank kept its display of dairy products up for one full week. It also made available to each dairy, on a weekly basis, the use of its display case which is reserved for Madison industry. After the display has been shown for one week at the main office, it then moves to the West Branch where it is displayed for an additional week.

In helping to promote this program the bank featured a full-page two-color ad in the Sunday news-

paper which covers the whole Madison area. Countless dairy leaders and farmers commented on the fine program and the help that the bank is giving to the dairy industry.

### A.B.A. Consults on Great Plains States Problems

**A**N exploratory conference was held at the U. S. Department of Agriculture offices in Washington last month to discuss ways of coping with the problems confronting the 10 Great Plains States—such as education, conservation, crop insurance, and various aspects of credit—and those with which low income farmers are grappling.

This meeting followed the Great Plains Agricultural Conference in Denver earlier this year, called by Secretary of Agriculture Benson, and explored the findings of the Denver meeting.

In addition to representatives of the Department of Agriculture, agencies of the Government represented at the Washington conference included the Farm Credit Administration, Farmers Home Administration, and the bank supervisory

(CONTINUED ON PAGE 66)

**WHEN HE'S IN THE MARKET FOR MONEY**



**...WE RECOMMEND HIS LOCAL  
LOWER FINANCING COSTS**



**BANKER FOR**

**WHEN HE'S IN THE MARKET FOR FEED**



**...WE RECOMMEND MURPHY'S FOR LOWER FEED COSTS**



The MURPHY PRODUCTS COMPANY specializes in making feeds: complete starters for young stock and Concentrates to make home grown grains and roughage do a better feeding job.

You can be sure any time you make a loan to a MURPHY feeder, there is no financial contract between him and the MURPHY PRODUCTS COMPANY. We are happy to leave financing to the bankers—they do a wonderful job of it. That is why we recommend the local banker for lower financing costs and MURPHY'S for lower feed costs.

Over the years we've helped many farmers get better results at a lower feed cost. Because of this, some feed dealers and bankers feel that MURPHY feeders are better credit risks. We like that.

MURPHY'S STARTERS are available in both pellet and meal form to fit any feeding method. All MURPHY CONCENTRATES make home grown grain and roughage into low cost, balanced rations. Our hog and beef Concentrates are available in both pellet and meal form. Our beef Concentrate can be safely self-fed free choice—cattle don't overeat on it—put on cheap gains. This, we believe, is a MURPHY exclusive.

**MURPHY**  
**PRODUCTS CO., BURLINGTON, WIS.**

## News for Country Bankers

(CONTINUED FROM PAGE 64)

agencies. The American Bankers Association was represented by three members of the Agricultural Commission: Floyd E. Lull, president, Smith Center State Bank, Smith Center, Kans.; Roland L. Adams, president, Bank of York, Ala.; and Rex B. Stratton, assistant cashier, Security Trust & Savings Bank, Billings, Mont. Also present was Edgar T. Savidge, secretary, A.B.A. Agricultural Commission.

### Dairy Month in Seattle

"WE Are Cooperating" was the slogan used by the National Bank of Commerce of Seattle during Dairy Month while giving recognition to its dairy customers and dairying in Washington, one of the state's foremost industries.

Milk bars in six of NBofC's Seattle branch banks served free milk and cookies to customers and visitors for 11 days. More than 7,300 glasses of milk—230 gallons—were served.

Milk bars were set up on consecutive schedules in the six banks, with two operating at the same time. Bank girls served.

To tie in with the Disneyland theme used in American Dairy Association promotional material,

Nicholas Keyock, milk marketing administrator for the U. S. Department of Agriculture in Western Washington, celebrates Dairy Month with a glass of milk served by Marilee Houle, milk bar hostess, National Bank of Commerce, Seattle



The fifth annual meeting of the Robert Strickland Agricultural Memorial Award Club was held during the 63rd annual convention of the Georgia Bankers Association. Only one member can be elected to membership in any one year and to be eligible for membership a bank must first earn the Strickland award, a program sponsored by the Trust Company of Georgia, Atlanta. Left to right, George M. Bazemore, First National Bank of Waycross (1947); C. R. Bradford, The Farmers Bank, Monroe (1948); W. N. Shadden, First National Bank of Cartersville (1949); C. L. Miller, Bank of Sereven County, Sylvania (1950); W. D. Trippe, The Commercial National Bank, Cedartown (1951); H. P. Shank, Washington Loan and Banking Co., (1952); W. G. Williamson, Citizens Bank, Vienna (1953); Monroe M. Kimbrel, The First National Bank of Thomson (1954)

NBofC decorated its milk bars with Disney posters and helium-filled Disney character balloons. Children were given Cinderella comic books furnished by the Washington State Dairy Products Commission.

This was NBofC's second year in the milk bar business—a special event that is becoming an annual tradition.

Other NBofC branches throughout Washington also observed Dairy Month with posters, window displays, and milk bars. Among the more unique observances were an exhibition of prize-winning dairy cattle in the Yakima branch lobby and a mechanical cow in Centralia, Wash.

### Farmer Insurance Holdings

THE complexity of modern farm life, together with increased use of credit by farm families, has led the New York State Agricultural Experiment Station to advise farm families to re-examine their life insurance and other insurance programs.

A total of 587 farm families were asked about their insurance arrangements, the report said. They represented a cross-section, both in the values of the farms and in income.

The typical farmer was 44 years old and had one or two dependents. He operated 183 acres and had

assets of \$40,000, which included the value of his land, machinery, home and so on.

The farm families in this group had an average of nearly \$6,000 of life insurance. Omitting those families without life insurance, the average for insured families was about \$7,500, and their premiums were \$239 a year.

In addition, the farm families spent an average of \$71 a year for hospitalization and accident insurance. Almost two-thirds of the families had policies to provide at least partial protection against the cost of sickness or accident. The families had about two accident and sickness policies each, and in most cases both the farmer and another member of his family were insured.

The need for life insurance is especially apparent, the report added, where there are minor children to support, or large amounts of debt outstanding against the business.

Over three-quarters of the farmers had a life insurance program of some type to insure their own lives, and in almost half of the families, the program included some other member of the family as well.

Next most frequent were endowment policies, which give life insurance protection with added emphasis on savings.

For the country as a whole, three out of five farm families now have

(CONTINUED ON PAGE 122)





New banking room in **Lumberman's Bank**, Muskegon, Michigan, with Acousti-Celotex ceiling installation of 3,800 sq. ft. of butt-joint Celotone® Tile.  
**Architects:** E. E. Valentine; **General Contractors:** Muskegon Construction Company  
**Acousti-Celotex Contractors:** Leggett-Michaels, Grand Rapids, Mich.

## Sound Investment in Beauty and Efficiency



A bank's patrons have come to look upon its atmosphere of quiet dignity as an outward, confidence-inspiring sign of its importance and soundness. Employees within the bank find this *quiet comfort* conducive to improved conduct of banking business, less fatigue, less clerical-error. And how significant Acousti-Celotex Sound Conditioning has become in fulfilling all these obligations!

**Unusually Economical**—A sound-absorbing ceiling of Acousti-Celotex Tile has provided for many of the nation's banks a combination of low-cost noise-arresting efficiency plus distinguished decor. Increased depositor activity is a direct result of such an impressive and inviting installation. Because of reduction in

business machine clatter and customer traffic sounds . . . morale and productivity, too, definitely follow an upgrade pattern.

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**Mail Coupon Now** for a Sound Conditioning Survey Chart that will bring you a *free analysis* of the acoustical problems in your bank, plus a free factual pamphlet, "Sound Conditioning in Banks." There is no obligation, of course.

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 120 S. LaSalle St., Chicago 3, Illinois  
 Without cost or obligation, send me the Acousti-Celotex Sound Conditioning Survey Chart, and your pamphlet, "Sound Conditioning in Banks."

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# Farm Land Values Firm

FROM November 1954 to March 1955 farm land values showed little change, according to the U. S. Department of Agriculture. Small advances in most states in the central portion of the country more than offset declines in seven states, and the national index advanced to 125 (1947-49=100). This was 1% above last November, 2% above a year earlier, and within 3% of the peak reached during 1952. Table 1 gives the figures, by states, for March 1955 with comparisons.

The increase in land values the past year came unexpectedly as during this period farm income and

commodity prices were declining. The factors in the agricultural economy contributing to this strength as cited by the USDA were as follows: (1) most price declines during the past year have been in livestock and livestock products which normally affect the prices of farm land less than do crop prices; (2) farmers are buying additional land to permit more efficient use of farm machinery which indicates that farmers themselves see favorable income prospects ahead; (3) the influences of price-support programs tend to reduce fluctuations in income and thus strengthen land values; and

(4) changes in credit policies by lenders have resulted in more favorable mortgage terms.

The total market value of farm real estate (land and buildings) is estimated at \$91.3-billion as of March of this year. This is an increase of \$2.2-billion from a year earlier and only \$2.4-billion less than the peak of 1952. On a per acre basis, land and buildings had a value of \$78.81 as compared with \$76.93 for March 1954.

During the year ending March 1955, only 26% of the farms sold were cash transactions. Thus, some form of credit was used to finance

**TABLE 1: FARM REAL ESTATE**  
Index Numbers of Average Value, per Acre, by States,  
1955, with Comparisons<sup>1</sup> (1947-49 = 100)

State and Division	1920	1930	1940	1950	1954	1955
Maine.....	102	89	69	95	90	87
New Hampshire.....	91	79	67	97	105	105
Vermont.....	86	71	58	101	107	104
Massachusetts.....	91	86	74	99	106	106
Rhode Island.....	71	73	66	101	109	108
Connecticut.....	72	73	65	100	109	111
NEW ENGLAND.....	88	80	67	99	103	102
New York.....	92	71	59	105	114	112
New Jersey.....	69	66	62	103	124	126
Pennsylvania.....	91	69	58	102	130	134
MIDDLE ATLANTIC.....	89	70	59	103	122	123
Ohio.....	95	54	46	101	132	141
Indiana.....	96	47	44	103	135	144
Illinois.....	106	61	50	108	139	142
Michigan.....	78	61	46	100	128	133
Wisconsin.....	119	81	58	101	113	111
E. N. CENTRAL.....	101	60	49	104	132	136
Minnesota.....	138	86	55	109	127	135
Iowa.....	146	77	50	108	124	132
Missouri.....	142	78	50	106	121	123
North Dakota.....	135	89	48	107	134	132
South Dakota.....	207	107	47	111	135	139
Nebraska.....	144	90	47	104	127	134
Kansas.....	95	71	45	106	125	129
W. N. CENTRAL.....	138	82	49	107	126	132
Delaware.....	86	69	55	98	120	126
Maryland.....	82	61	50	99	123	128
Virginia.....	81	58	48	101	129	130
West Virginia.....	105	71	58	95	109	110
North Carolina.....	69	49	43	106	133	138
South Carolina.....	110	50	43	97	117	114
Georgia.....	119	55	45	99	126	124
Florida.....	76	74	57	97	116	125

State and Division	1920	1930	1940	1950	1954	1955
SOUTH ATLANTIC.....	89	57	48	101	125	128
Kentucky.....	75	48	42	102	116	115
Tennessee.....	78	48	42	103	116	114
Alabama.....	69	56	47	101	125	123
Mississippi.....	94	53	46	106	130	131
E. S. CENTRAL.....	78	50	44	103	120	119
Arkansas.....	94	60	40	105	122	124
Louisiana.....	94	62	57	105	121	125
Oklahoma.....	89	68	50	108	125	130
Texas.....	97	76	55	102	130	133
W. S. CENTRAL.....	95	73	53	103	129	131
Montana.....	101	67	46	98	109	107
Idaho.....	98	74	53	95	91	90
Wyoming.....	99	63	42	99	108	105
Colorado.....	95	61	42	97	94	89
New Mexico.....	60	52	39	103	107	103
Arizona.....	73	64	47	95	113	110
Utah.....	136	106	61	100	101	101
Nevada.....	106	80	52	95	102	96
MOUNTAIN.....	94	67	46	98	102	99
Washington.....	105	83	54	93	96	96
Oregon.....	101	86	57	92	94	92
California.....	78	76	49	86	91	95
PACIFIC.....	84	78	51	87	92	94
UNITED STATES.....	105	* 70	50	102	122	125

<sup>1</sup> All farm lands with improvements as of March 1.

SOURCE: Agricultural Research Service, USDA.

**TABLE 2: Farm Mortgage Loans Closed by Banks and Other Lender Groups 1953-1954**

Year	Lender Group					
	Banks and Trust Companies	Federal Land Banks	Insurance Companies	Individuals	Miscellaneous	All Lenders
	NUMBER					
1953 .....	107,661	46,843	29,171	93,139	36,766	313,580
1954 .....	110,079	49,957	28,456	86,946	40,472	315,940
Percent change ..	+2	+7	-2	-7	+10	"
	AMOUNT (000 omitted)					
1953 .....	\$483,990	\$286,146	\$394,455	\$468,003	\$201,003	\$1,853,627
1954 .....	\$500,080	\$301,979	\$390,322	\$474,937	\$218,181	\$1,885,499
Percent change ..	+3	+6	-1	-3	+9	+2
	AVERAGE SIZE					
1953 .....	\$4,500	\$6,110	\$13,520	\$5,240	\$5,470	\$5,910
1954 .....	4,540	6,040	13,720	5,460	5,390	5,970
Percent change ..	"	-1	+1	+4	-1	+1
	PROPORTION OF DOLLAR VOLUME RECORDED					
1953 .....	26.1	15.4	21.3	26.3	10.9	100.0
1954 .....	26.5	16.0	20.7	25.2	11.6	100.0

" less than 1%.

SOURCE: Compiled from Farm Credit Administration data.

74% of the purchases compared with 71% the previous year.

#### Farm Mortgage Recordings

The estimated amount of farm mortgages recorded by all lenders totaled \$1.8-billion during 1954 which is an increase of 2% from the amount recorded during 1953, and more than 2½ times greater than the 1937-40 average. No significant change has occurred during this period in the number of farm mortgage recordings for all lenders. The loans closed by banks last year totaled \$500,080,000 or 3% above those recorded during 1953. Banks

continue to be the largest farm mortgage lenders in both the total amount of loans made and the number of loans closed. The data on farm mortgages recorded by banks and other lenders are given in Table 2.

The average size of loans for the various lenders is also shown in that table. Farm mortgage loans recorded by banks during 1954 averaged \$4,540, or smaller than that for any other lender. This is a slight increase over 1953. The average size of loan for all lenders in 1954 was more than 2½ times the average size in 1937-40.

#### Farm Mortgage Debt

The record volume of new mort-

gage credit extended in 1954 was also reflected in a further increase in outstanding mortgage debt. The estimated farm mortgage debt for all lenders at the beginning of this year amounted to \$8.2-billion, 7% above a year earlier and 72% above the 1946 low. See chart on this page for the percentage distribution of the mortgage debt by lenders. The current debt in relation to the total value of farm real estate amounts to only 8.9%. This is low in comparison to what occurred in 1923, when it was 21% of the market value of farm real estate. This was the all-time peak in mortgage debt of \$10.8-billion.

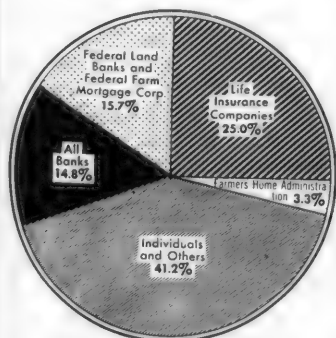
Farm mortgage loans held by banks on January 1, 1955 amounted to \$1,210,676,000 as compared to \$1,131,214,000 a year earlier. The increase during the past year was relatively small compared with the increases for both 1946 and 1947.

#### Key Bankers Surveyed

An analysis of returns received from county key bankers earlier this year in a survey made by the A.B.A. Agricultural Commission reveals the purpose of farm mortgage loans made by banks during 1954. This information appears in Table 3.

The current demand for farm mortgage loans was reported by 78% of the key bankers as being the same or higher as compared with a year ago. Operating farm loan demand as compared with a year earlier was reported the same or higher by 86% of the key bankers responding. An increase in delinquency of payments on short-term farm loans was reported by 32% of the key bankers whereas only 18% reported an increase in delinquency on real estate loans.

**LENDER DISTRIBUTION OF FARM MORTGAGE DEBT JANUARY 1, 1955**



**TABLE 3: Purpose of Farm Mortgage Loans, 1954**

	U. S.	North-east	South	Mid-west	West
Buying a farm .....	17%	25%	14%	22%	8%
Purchasing additional land .....	10	6	7	12	14
Production & operating .....	23	10	33	13	29
Farm improvement .....	9	14	9	9	8
Machinery & equipment .....	12	16	13	12	8
Livestock .....	11	9	10	12	14
Refinancing .....	14	15	11	15	15
Other .....	4	5	3	5	4

# A Country Bank Executive Training Program

Sponsored by the Agricultural Committee of the New York State Bankers Association and the New York State College of Agriculture at Cornell University

VAN B. HART

DR. HART is professor of farm management, New York State College of Agriculture, Cornell University, Ithaca, N. Y., and is a member of the Advisory Council of the American Bankers Association's Agricultural Commission.

**M**ORE and more country banks are recognizing the value of agricultural college training for handling not only farm credit but other bank operations as well. During the past 10 years the writer has seen more than 50 graduates of the New York State College of Agriculture take positions with commercial banks in New York State.

Banks lay down high qualifications for these jobs filled by agricultural college graduates. They of

course want the usual requirements of honesty, brains, willingness to work, good personality, and ability to get along with people. The banks also ask for the specific qualifications of plenty of farm experience; and good grades in college, especially in such subjects as farm management, marketing, farm appraisal, accounting, business law, insurance, and farm credit.

Then to the requirements already listed is invariably added the proverbial: "You see our bank is in this situation. We are looking for a man who can not only be broken in to handle farm loans, but one who is interested in making banking his career; we want a man who is potential officer material."

## Competition for Talent

Young men of the kind the banks want are also wanted by many others. College seniors having these top-notch qualifications usually have their choice of taking a job as a county agricultural or 4-H agent, or as a Vo-Ag teacher. Or they can go to work for a feed, farm machinery, or canning company; and they are the ones who get the chances at good farm partnerships with older and well-established farmers.

Agricultural college seniors are apt to know much more about the type of work and opportunities in these nonbank fields than they do about those in the field of banking. The result is that each year some excellent young men, who have shown an interest in banking, and who the writer is sure would have been more happy and more successful in that field than in any other, give up the idea simply because "they aren't quite sure they would like it." Also, banks like to hire the man who has found by actual experience that he wishes to make banking his career.

## "Ag" Committee Acts

For some time it had appeared that it would be of benefit to banking, to undergraduates in the colleges of agriculture, and to farmers, if a group of carefully selected young men were given an opportunity to learn something about country banking by practical experience before leaving college.

In the fall of 1953, the then chairman of the Agricultural Committee of the New York State Bankers Association, Nicholas Jamba, vice-president of the National Bank and Trust Company of Norwich, appointed a special subcommittee to meet with representatives of the New York State College of Agriculture to develop a specific country bank summer educational program for undergraduates.

(CONTINUED ON PAGE 72)

## Kansas Studies Training Potential

**A** QUESTIONNAIRE has been sent to Kansas banks by the Kansas Bankers Association to determine whether there is a demand for a two-purpose educational program in cooperation with the College of Agriculture. The program under consideration would (1) educate young men with agricultural backgrounds for careers as country bank officers; and (2) educate young men in the agricultural field for careers as bank agricultural representatives.

KBA's ideas, as expressed in a covering letter to member:

During their sophomore year at the college, local banks would offer these farm boys awards in the nature of summer "practice banking" opportunities. Near the end of summer, each such student would be graded on his interest in banking as a career and on his apparent qualifications to be a future bank officer or agricultural representative.

In the case of students who measure up in every respect, special curricula would be prepared at the School of Agriculture. The curricula would include courses in agricultural administration and in banking. During the summer between junior and senior years, further bank employment would be offered and would include many phases of bank services and operations.

Finally, during the senior year students would be induced to concentrate on courses which would give further training for bank management posts.

During their "in-training" service, the banks would, of course, attempt to interest the students in making a career of banking—and preferably with the bank in which students received training. Banks would be expected to pay beginning salaries at least equal to those paid graduates by other industries.





MR. CHARLES J. RITT, Executive Vice President, explains below how a 100% National System pays for itself every 3 years in The Midway National Bank of St. Paul.

# “Our 100% *National* System PAYS FOR ITSELF EVERY 3 YEARS!”

—The Midway National Bank of St. Paul, St. Paul, Minn.

Whether your bank is large or small, you, too, can benefit from the advantages of a modern National System. Like the Midway National Bank of St. Paul, you can gain fast, accurate customer service, maximum audit control, better utilization of personnel, new economy—all at the lowest possible

cost of operation. We suggest you call your nearby National representative, a trained systems analyst, for all the facts on a National System specially adapted to *your* particular needs and problems. His number is in the yellow pages of your phone book. There's no obligation, why not call him today?

**THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO**  
977 OFFICES IN 94 COUNTRIES

August 1955

THE MIDWAY NATIONAL BANK  
OF SAINT PAUL  
SAINT PAUL 4, MINNESOTA

CHAS. J. RITT  
EXECUTIVE VICE PRESIDENT

November 24, 1954

Gentlemen:

We began modernizing our operations and procedures eight years ago by installing National Window Posting machines in our Savings Department. Since that time we have converted all our record keeping to National equipment.

Our 100% National system is operated with the use of seven Bank Teller machines, four Proof machines, twelve Commercial Bookkeeping machines, two Savings and Combination machines, and one Multiple-Duty Typewriter-Bookkeeping machine.

These machines are producing the type of results on which we insist - fast, accurate service to our customers, maximum audit control, easy operation with simplified operator training - at the lowest possible cost of operation.

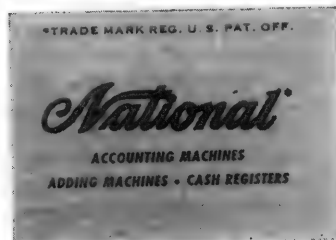
Savings obtained through the many economies effected with the use of National accounting machines vary in each department. This is due, of course, to the number of people working in the department, the requirements of the work handled, and the type of operation formerly used as compared with the National system. To us, better utilization of valuable bank personnel - the opportunity to transfer personnel to departments where their services are in demand - is the biggest savings factor obtained through mechanization with National machines.

As an overall average, our National accounting machines pay for themselves every three years. Our faith in National systems has been more than justified in the past eight years' experience. We are pleased to recommend National equipment to any bank.

Sincerely yours,

CHARLES J. RITT  
EXECUTIVE VICE PRESIDENT

The National Cash Register Company  
Dayton 9, Ohio



### Practical Problems

The banker-college committee recognized that an inexperienced person is not likely to add much to the net earnings of a bank by working for it for one summer. Reports from several undergraduates who had, in past years, taken summer jobs in banks were quite disappointing. They said that one did not learn much about banking by spending a summer sorting checks or pounding an adding machine.

The committee found that most of the good undergraduate prospects for a summer bank-trainee program were working part or all of their way through college. These young men might be able and willing to make some financial sacrifice in order to get experience. But most of them had to earn a respectable amount of money during the summer vacations in order to stay in college.

### The Plan

The banker-college committee felt that if a trainee plan for undergraduates were to be instituted, students should be placed in banks that would consider the program an opportunity to train a group of carefully selected young men for country banking rather than just a chance to "get some cheap summer help."

The joint banker-college committee agreed on the following plan for giving a selected group of undergraduates practical experience in banking during the summer preceding their last year in college:

The college members of the committee would line up five or six good undergraduates for the project and the banker members would find an equal number of interested banks to take them on as summer trainees.

The committee would not assign particular men to particular banks, but rather let the banks and trainees make their own selections, with both the banker and college members of the committee acting in an advisory capacity.

The matter of wages would be left to negotiation between the individual bank and individual trainee. However, the banker members of the committee recommended \$50 per week, which amount has now become standard in the program.

(CONTINUED ON PAGE 121)

## Iowa State College Broadens Curriculum

THE Iowa State College has revised its curriculum in Agricultural Business to provide graduates with a background never before available to equip them for entry into the banking business in agricultural communities. A three-way experiment entered into last summer by the college, the City National Bank of Council Bluffs, and Idris Davies, Williamsburg, Ia., was reported in the *Northwestern Banker*. Mr. Davies, a junior at the college, spent eight weeks at the bank at a part of his college education.

### 3-Fold Purpose

"The purpose was threefold," said the *Banker* story: "(1) To familiarize the student with problems encountered in banks serving rural areas, and to make more meaningful future college courses in the field of agricultural finance; (2) to give him an opportunity to explore further his interest and aptitude in banking and farm credit as a career; and (3) to overcome to some extent the total lack of experience which handicaps many college students who want to enter the rural banking field.

"Mr. Davies spent the first four weeks in proof and book-keeping, audit and teller, mortgage and trust, and on the general books. The final four weeks were in credit, with emphasis on farm procedures and problems. He worked alongside regular bank employees, observing the function of each department. He received a trainee's pay from the bank to help defray his expenses, and he received college credit from the college.

"During the period he also prepared a detailed report on the procedure used in the bank, covered a prescribed course in outside reading in the field of banking and finance, and submitted to an examination prepared jointly by staff members of the economics department at the col-

lege and officials at City National."

*Northwestern Banker* summarized the results in two brief paragraphs:

"Did it work? 'Certainly,' says Roland Tornblom, vice-president and trust officer of City National. 'This bank is proud to have been selected as a pioneer in this project.' 'It's a grand opportunity,' says trainee Davies. 'The practical experience is invaluable.'

"'We believe the experiment justifies our sending out perhaps half a dozen students to banks next summer,' says Ray Beneke of the agricultural economics faculty."

### Curriculum Revision

Continuing, the article has this to say about the curriculum:

"The revision in the Agricultural Business curriculum extends all the way through the program of study. Students interested in rural banking may take a version of agricultural business tailored to fit their needs, while students interested in other phases take a different form of specialization.

"Those following rural banking would be given courses in money and banking, accounting and internal auditing, business risks, investment analysis, agricultural finance, farm appraisal, farm management and agricultural marketing. They would build on a broader foundation of courses in general agriculture such as livestock feeding and management, crop production, soils and soil fertility, farm machinery and buildings.

"Underlying all of this would be studies in the basic sciences such as mathematics, botany, zoology, chemistry and physics. And to provide the general education which all college graduates need, there would be courses in English composition, public speaking, psychology, sociology, history and government, economics and international trade."

*They are glad  
to see Johnny go . . .*

It was a good feeling to know that enough money was in the bank to pay for Johnny's college education.



Watching him go, they thought of a time 17 years ago when that first Christmas Club check arrived. In the envelope was a Christmas Club folder which said, "Prepare for your child's education now." Then and there they had decided to start building a cash reserve for little Johnny's college career. They recalled how helpful the bank had been—showing them how it could be done by opening a permanent savings account with their Christmas Club check, and how the "saving habit" they had already learned would make Johnny's account grow and grow. The years seemed to fly—and now here is Johnny off to the college of his choice without a financial worry in the world.

Christmas Club is bringing people like Johnny's parents to financial institutions every day. Here they become prospects for every service you offer.

If you would like to know how Christmas Club can help you—or how your present Christmas Club can bring in more prospects for other services why not ask us to send in the Christmas Club man. There's one near you and he's fully capable of helping you set up a new club or make an old one more productive.

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# Tradition and Change

*"The Dynamism of Tradition" was the title of this year's annual economics lecture given by UNDER SECRETARY OF THE TREASURY W. RANDOLPH BURGESS before The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University. Here are excerpts from the lecture by MR. BURGESS, a former A.B.A. president.*

**W**E are, I believe, building in this country a tradition of central banking—new in some of its aspects, but in others as old as the Bank of England. . . .

In these 41 years [of the Federal Reserve] we have been learning to live with this sort of banking system—learning the meaning of the discount rate, open market operations, and its other mechanisms.

We have learned that the Reserve System has powerful weapons of great influence. As recently as the spring of 1953, we saw their power in checking economic overexpansion, and in 1954 the restorative influence of easy money.

There is nothing automatic or mechanical in the System's operations. They work only through their influence on the decisions of many people—decisions whether they press forward or hold back with their individual undertakings.

Thus the success of the System in its great social objectives depends on the understanding and cooperation of leading citizens. If they heed

its signals promptly and trim their sails accordingly, the economic ship can sail a true course. Here is dynamism in its truest sense—yet at the same time we enter the realm of tradition, of the accumulation of experience and understanding.

In 41 years of the Federal Reserve System we have begun to build such a tradition. The financial and business community is beginning to understand the place of the Reserve System and what its action means.

\* \* \*

Side by side with the central banking action as an instrument of economic policy is fiscal policy centered on the budget. An unbalanced budget tends to increase the country's money supply and so could offset the central bank's effort to keep the money supply on even keel.

In recent years, the tradition of the balanced budget has been disputed in the name of dynamism. Just a year ago, for example, several economists appeared before the United States Congress and recommended large Government spending programs as essential to start the country growing again and take up the slack of unemployment. Their appeals were fortunately not heeded, and the natural forces of private enterprise have brought a vigorous recovery. So today the problem is not lack of dynamism, but almost too much. The question is whether the economic pace may not be faster than can be sustained.

The important lesson is that dynamic growth came not from what the Government did for the people, but what the people themselves did when they had confidence in the economic climate. Sound monetary policies and sound budgetary policies helped to provide an encouraging climate. They were a symbol of integrity in government. . . .

\* \* \*

In this country we have a tradition of welcoming change and seeking the dynamic solution of our problems.

The problem is one of balance, of analysis, and of nurturing both of these great forces for social progress.

Under Secretary Burgess speaking at The Graduate School of Banking





# Only STEEL can do so many jobs so well



**Kashi Ram** is an Indian Rhinoceros at the Chicago Zoological Park, Brookfield, Ill. He's 5' 10" high, 12 feet long, and weighs 4,000 pounds. United States Steel built and erected the rhinoceros-proof fence at the front of Kashi Ram's cage. The bars are 1½" (outside diameter) extra-strong pipe welded through heavy steel channel sections.



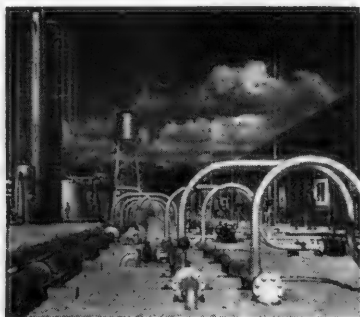
**There's a Steel Hotel** in Georgia. It's built like a wheel, with a 1500-seat auditorium for the hub. The wings radiate like spokes of the wheel, so that every guest has an outside room. Steel construction allows greater comfort per dollar of cost.

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# Our Progress in Leadership

*America's progress in world leadership was reviewed by DR. WILLIAM A. IRWIN in an address at the commencement of The Graduate School of Banking. DR. IRWIN, now retired, is former economist of the American Bankers Association and former associate director of the School. Excerpts from his address are given herewith.*

**I**N these two years, America has made real progress—not much, but some—toward the behavior that is fitting for a creditor nation. True, our exports still greatly exceed our imports; and the international balance is still very heavily in our favor. But we can hardly go on hurting the economies of little, friendly nations like Norway, Den-

mark, Holland, and Switzerland and at the same time hope to keep them among the circle of our friends. We cannot refuse to buy British-made electric machinery on unsupportable excuses and then castigate the British for trying to sell it elsewhere. Even our greatest customer, Canada, has recently felt compelled to protest our practices with respect to the export of our surplus wheat. That is not a proper position for a great and powerful creditor nation to be occupying; and sooner or later we shall have to correct it, in the interests of our world leadership.

But we are making progress even here; for, in spite of the most glaring pressures ever brought upon it, the Congress of the United States has recently extended the Reciprocal Trade Agreements Act.

**T**HERE is one important area in which our leadership has not been able to show much progress. That is the area of trade restriction by methods other than import duties. Specifically it means the use of quotas, licenses, embargoes, and similar devices. Unfortunately, America has participated in their use.

American leadership has done little about trying to end them. That job still lies ahead. If, and when, it is successfully accomplished, the whole world will be enormously benefited by the increase in the exchange of goods.

William A. Irwin



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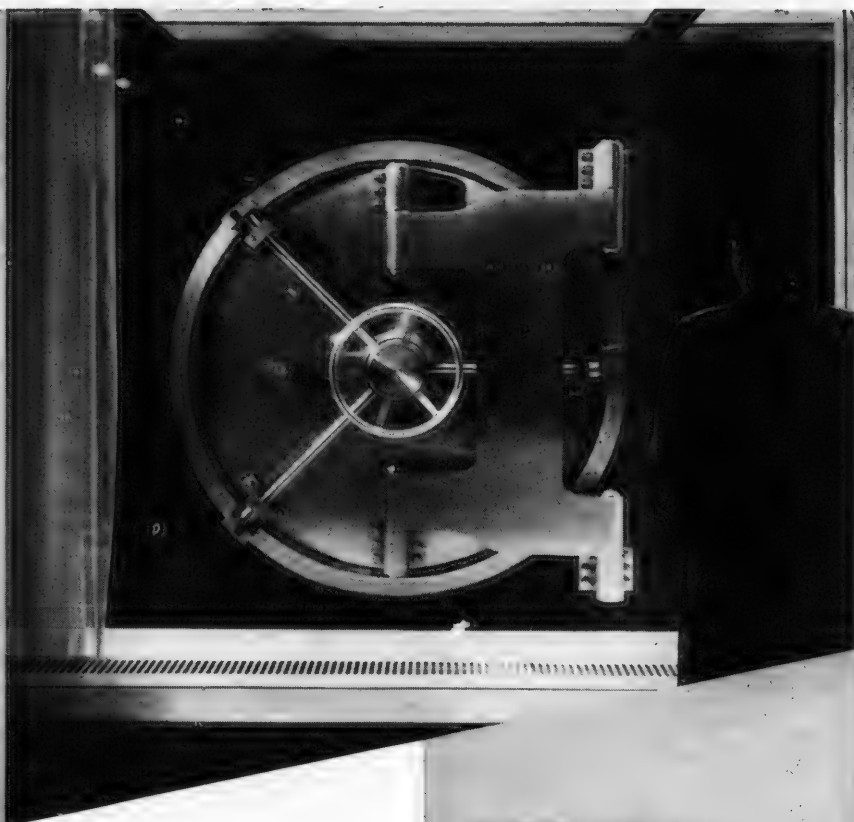
Modern

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requires

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Showcase vaults, volume transactions over open counters free of bars and grille work, and other present-day banking conveniences require up-to-the-minute protection. In supplying blanket bonds and other types of insurance to meet these changing requirements, we offer a broad and intimate knowledge of modern protection techniques plus the ability to apply fresh thinking to your individual problems. It is this interest in your problems that enabled us to introduce many of the protection standards that are today serving the leaders of the financial industry.

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# Homes for Korea

*A project that seeks help from the  
American business community*

GEN. JAMES VAN FLEET

GEN. VAN FLEET, who was commander of UN forces in Korea from 1951 to 1953 and is now retired, is a vice-president and director of the Peoples Bank of Auburndale, Fla.

I AM happy to sponsor a special project of the American Korean Foundation this year, called "Homes for Korea." I know that all who hear about it—former members of my Eighth Army and fellow Americans everywhere—will want to help this project. I do hope we can provide some shelter for the homeless, at long last, with a priority to those gallant ROK soldiers who won the hearts of our GIs.

South Korea was practically destroyed during the Korean war. The capital city of Seoul exchanged hands four times! In order to help the Koreans get back on their feet, the American Korean Foundation was established in 1952. This is a nonprofit, nonpolitical, nonsectarian organization, with contributions being put to use in the fields of health, welfare and education in Korea as well as on special projects selected by the directors.

## **\$20,000,000 So Far**

To date, the Foundation has helped Korea with approximately \$20,000,000 worth of assistance. During the war and early postwar period, American GIs, through voluntary contributions, donated almost that amount to help rebuild the area. The GIs' donations went chiefly into building orphanages, schools, hospitals, and other welfare facilities.

The needs of the Koreans are limitless. There are 300,000 war widows and over 100,000 orphans, and more than 600,000 homes are needed. In

addition, there are about 4,000,000 refugees from North Korea presently homeless in South Korea.

Various governmental and non-governmental agencies have gone into Korea to try to help the country return to normal. Among these were ECA, now ICA, and the United Nations Korean Reconstruction Agency (UNKRA). However, housing, so far, has not been touched. The funds and energies of these agencies have been used on long-range projects such as building hydroelectric plants and developing other industrial concerns which will help keep the country alive and also stimulate activity in foreign trade. The major emphasis in the Korean program at present is development

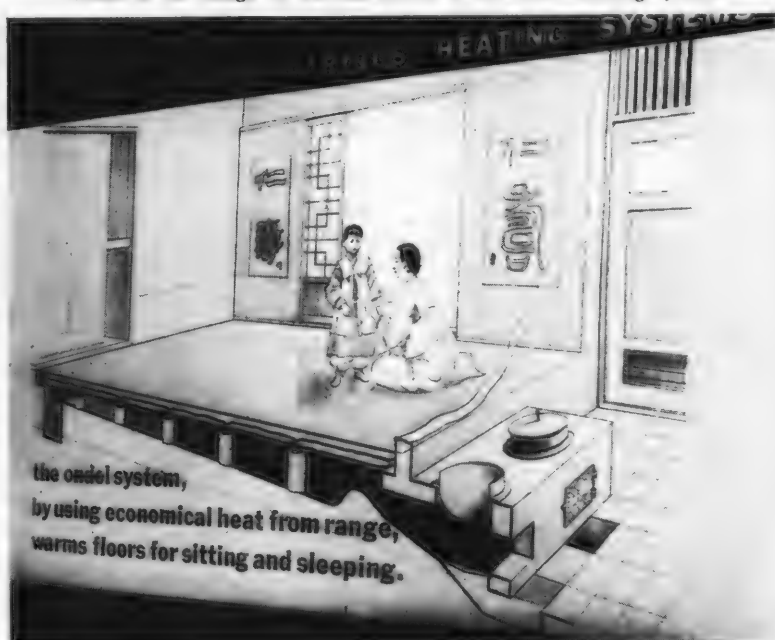
of roads, communications, ports, and so on.

After careful study of the Korean situation, the American Korean Foundation has adopted as its special interest for this period the "Homes for Korea" project. The executive committee of the project has me as its honorary chairman, with William Zeckendorf, Sr., president of Webb and Knapp, and Earl Smith, president of the National Association of Home Builders, as co-chairmen.

## **A Pilot Project**

The Foundation has allocated \$150,000 to this project for the express purpose of constructing a pilot (CONTINUED ON PAGE 80)

"Basic to the design of Korean houses is the ondol heating system"





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(CONTINUED FROM PAGE 78)

housing project consisting of 100 houses in an urban area of Korea. The location that has been agreed upon is Seoul. The project has a two-fold purpose: first, it aims at setting up a housing unit which will insure further building and thus work positively to alleviate the severe housing shortage in Korea; and, second, it aims at teaching the Koreans the basic principles of simple, low-cost, mass production so that, after studying the methods of construction used in the pilot project, the Koreans will be able to carry on their own long-range building program.

During my tour in Korea, one fact became outstandingly evident to me. This fact is that the Koreans are tremendously adaptable and learn easily. Any lack of skill or slow progress in Korea is due not to lack of intelligence but to lack of adequate training facilities. This project provides an excellent opportunity for us to help the Koreans help themselves back on their feet.

### Basic Korean Design

In 1953 a group of American industrialists and builders went to Korea to survey the housing situation and determine what the American business community could do to help this project. On the recommendations of this group, six Korean architects were brought to this country. They went to work designing a structure which held to basic principles of Korean design but also was practical in terms of material and construction. They designed a single-story house and a multiple, apartment-type house. Both units should serve as excellent training models for architects, contractors, engineers, and builders in Korea. They will be able to learn new, time-, labor-, and cost-saving methods and at the same time build a home which allows for continuation of family customs and traditions.

### Efficient Heating

Basic to the design of Korean houses is the ondol heating system, which was devised by Koreans and developed to a high degree of efficiency through the years. The cooking fire, which is built in a stone depression at one end of the house, also serves as the heating unit of the house. The heat is conducted underneath the floors of the house

through ducts which are formed by the flat stone floor slabs placed on vertical stone supports. In this way the living (and sleeping) floors are warmed and stay warm through the night. The smoke goes out through a flue at the opposite end of the house from the cooking fire. This system can be improved upon and constructed more easily by using materials and methods developed in mass production.

### American Business Is Helping

The American Korean Foundation's contribution to "Homes for Korea" will build the first 100 units—but with the help of American business. Although the houses can be built for \$1,500 each, the first units will naturally be more costly because of initial transportation of personnel and material, as well as maintenance of a skeleton home-office staff. Aside from this, the project committee hopes to go far beyond 100 units. A campaign is under way to solicit aid—financial and material aid as well as the all-important technical assistance which can be found in this country. The pilot project will start construction early in the fall. A construction staff is preparing to leave shortly. In order to insure building on a continuous basis, contributions should

be made, or at least promised, at the earliest possible moment. The committee has already received the full cooperation of the NAHB as well as promises from various other associations and companies. Regional chairmen, appointed by the committee, will approach members of the building industry to determine what materials and technical or financial assistance they may be able to provide to help this project to continue.

President Rhee has said to me: "We solicit your help to help us build our country. There is a great opportunity here in Korea. To rebuild properly, we must first tear down. The enemy has done that for us. And here is a city needing to be rebuilt. We want to rebuild it properly. We need the housing."

### Help for an Ally

This is a perfect opportunity for us to help our ally to get back on his feet. With our assistance the Koreans will be able to go far in repairing the damage made by four different occupations during the war. A housing project of not only a hundred houses—but as many as 1,000 houses—will serve as a permanent symbol of the interest of American business in the well-being of our Asian ally and friend.



President Eisenhower and General Van Fleet at West Point compare arm bands that indicate they were graduates of the same class

# IRVING TRUST COMPANY

## NEW YORK

### STATEMENT OF CONDITION, JUNE 30, 1955

#### ASSETS

Cash and Due from Banks . . .	\$376,577,883
U. S. Government Securities . .	342,969,009
U. S. Government Insured	
F.H.A. Mortgages . . . . .	21,554,936
Other Securities . . . . .	53,122,442
Stock in Federal Reserve Bank .	3,150,000
Loans . . . . .	709,720,418
First Mortgages on Real Estate .	1,952,436
Banking Houses . . . . .	17,073,892
Customers' Liability	
for Acceptances Outstanding .	29,242,567
Other Assets . . . . .	6,098,750
	<u>\$1,561,462,333</u>

#### LIABILITIES

Capital Stock (5,000,000 shares—\$10 par) \$	50,000,000
Surplus . . . . .	55,000,000
Undivided Profits . . . . .	20,831,714
Total Capital Accounts . . .	125,831,714
Deposits . . . . .	1,386,031,314
Taxes and	
Other Expenses . . . . .	9,729,822
Dividend Payable July 1, 1955	1,500,000
Acceptances: Less Amount	
in Portfolio . . . . .	32,563,529
Other Liabilities . . . . .	5,805,954
	<u>\$1,561,462,333</u>

U. S. Government Securities are stated at amortized cost; Other Securities at not more than the lower of amortized cost or market value; and Loans, Mortgages, and Banking Houses, after deduction of reserves.  
U. S. Government Securities pledged to secure deposits of public monies and for other purposes required by law amounted to \$73,225,902.

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# The A.B.A.'s Nominating Committee

**T**HE following Nominating Committee—made up of a member and an alternate from each state—will recommend candidates for president, vice-president, and treasurer of the American Bankers Association at this year's convention in Chicago:

**ALABAMA** — MEMBER: James E. Vance, vice-president, First National Bank of Birmingham, Birmingham. ALTERNATE: R. M. Cleckler, president, First National Bank of Childersburg, Childersburg.

**ALASKA**—MEMBER: R. A. Baker, vice-president, First National Bank of Anchorage, Anchorage. ALTERNATE: Ben Crawford, president, City National Bank, Anchorage.

**ARIZONA**—MEMBER: E. N. Holgate, vice-president, First National Bank of Arizona, Phoenix. ALTERNATE: H. L. Dunham, vice-chairman of the board, Valley National Bank, Phoenix.

**ARKANSAS**—MEMBER: Herbert A. Lewis, president, First National Bank, Fayetteville. ALTERNATE: H. C. Couch, Jr., president, Union National Bank, Little Rock.

**CALIFORNIA** — MEMBER: W. P. Murray, president, Bank of San Rafael, San Rafael. ALTERNATE: Paul D. Dodds, vice-president, Security-First National Bank, Los Angeles.

**COLORADO**—MEMBER: L. E. Fitzgerald, executive vice-president, Farmers State Bank, Yuma. ALTERNATE: E. L. Bacon, president, United States Bank of Grand Junction, Grand Junction.

**CONNECTICUT**—MEMBER: G. Harold Welch, vice-president, New Haven Bank N.B.A., New Haven. ALTERNATE: Carl G. Freese, president, Connecticut Savings Bank, New Haven.

**DELAWARE**—MEMBER: Edward B. Greer, executive vice-president,



Chicago River running through the heart of Chicago's business section

Georgetown Trust Company, Georgetown. ALTERNATE: Gilbert B. Moyer, assistant vice-president, Wilmington Trust Company, Wilmington.

**DISTRICT OF COLUMBIA**—MEMBER: John A. Reilly, president, Second National Bank, Washington. ALTERNATE: Hulbert T. Bisselle, senior vice-president, The Riggs National Bank, Washington.

**FLORIDA** — MEMBER: Godfrey Smith, executive vice-president, Capital City National Bank, Tallahassee. ALTERNATE: V. H. Northcutt, president, First National Bank, Tampa.

**GEORGIA**—MEMBER: R. E. Gormley, vice-president, Georgia Savings Bank and Trust Company, Atlanta. ALTERNATE: J. S. Peters, president, Bank of Manchester, Manchester.

**IDAHO**—MEMBER: Guy Shearer, president, Fidelity National Bank, Twin Falls. ALTERNATE: J. L. Driscoll, president, First Security Bank of Idaho, Boise.

**ILLINOIS** — MEMBER: Frank C. Rathje, president, Chicago City Bank and Trust Co., Chicago. ALTERNATE: Harry E. Rogier, president, First National Bank of Vandalia, Vandalia.

**INDIANA**—MEMBER: L. L. Matthews, president, American Trust Company, South Bend. ALTERNATE: E. Z. Elleman, president, Second National Bank, Richmond.

**IOWA**—MEMBER: J. M. Hutchinson, vice-president, Davenport Bank and Trust Company, Davenport. ALTERNATE: Joe H. Gronstal, vice-president, Carroll County State Bank, Carroll.

**KANSAS**—MEMBER: R. H. LaRue, president, First National Bank, Columbus. ALTERNATE: K. A. Scott, president, Valley State Bank, Syracuse.

**KENTUCKY**—MEMBER: Thomas G. Bartlett, president, Owensboro National Bank, Owensboro. ALTERNATE: LeRoy M. Miles, executive vice-president, First National Bank & Trust Co., Lexington.

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HAWAII—A member and alternate member of the Nominating Committee are to be elected by the members of the A.B.A. at the meeting prior to the opening of the first session of the Convention.

# BANK LAW NEWS

## State Taxation—Safe Deposit

### STATE TAXATION

WHEN a state wishes to tax the income from U. S. Government securities, a recent Idaho case illustrates that there are ways to go about it.

An insurance company contested the validity of an Idaho franchise tax levied upon all its net income, including interest from Government bonds. It argued that it had for some years paid an income tax, and that income from Federal securities was specifically exempt from the tax. It maintained that such should still be the case.

Idaho's Supreme Court pointed out the error in the company's thinking. True, said the court, the state could not tax income from Government bonds. However, times had changed, and the tax in question was no longer an *income tax* but a *franchise tax, according to and measured by net income*. It is well settled by our highest judicial authority, said the court, that a state may levy a tax on a corporate franchise, measured by net assets or net income, including tax-exempt Federal instrumentalities which, as such, could not be directly taxed.

It all came about this way, the court said. In 1926 the Congress authorized the states to tax national banks according to, or measured by, their net income from all sources, provided that the rate was not higher than that assessed upon other financial corporations, nor higher than the highest of the rates assessed upon other business corporations. Idaho elected to use this method of taxing national banks. It thus became incumbent upon the legislature to see that the tax on such banks was not higher than that imposed on other corporations, particularly "financial corporations" in competition with them. Insurance companies being financial corporations which in lending and investing

are in competition with national banks, the legislature decided to tax them in a similar manner. If the exemption in question had been permitted to stand, they would have enjoyed a distinct competitive advantage over national and state banks, and the validity of the entire franchise tax would be put in question. Thus, reluctantly, and only to avoid discrimination, the legislature did away with the exemption. *Grange Mutual Life Co. v. State Tax Commission*, 283 P.2d 187.

### SAFE DEPOSIT

**One court rejects, and another modifies the application of the law of bailments to safe deposit lessors.**

THE relationship between banks which rent safe deposit boxes and their customers has never been satisfactorily defined.

Some writers and many courts have defined it as that of bailor and bailee. Under the common law of bailments, a bailee is one who engages to hold property for another, the bailor. Where the bailee is paid for his services, he is responsible to the bailor to safeguard his property and return it on demand. Should he fail to return it, the bailor need only offer evidence of its delivery, and the failure to return it, in order to make out a prima-facie case of the bailee's negligence in failing to exercise reasonable care in the safekeeping of the property. The burden is then on the bailee to account for the disappearance; to rebut, if he can, the presumption that the loss was due to his negligence.

Applied to the safe deposit business, the law of bailments can mean that a customer who merely offers evidence that he placed a certain amount of money in his box and that it has disappeared, is entitled to judgment against his bank for the amount claimed to be missing, un-

less the bank can demonstrate that it was not negligent.

In the now famous case of *Veihelmann v. Manufacturers Safe Deposit Co.* (1954) 306 N.Y. 831, 118 N.E. (2d) 831, it did mean just that. A safe deposit company was held liable on a customer's complaint that \$10,000 had disappeared from her box, and on the company's failure to explain the disappearance.

Application of the law of bailments to the safe deposit business has been criticized on the grounds that, in the customary safe deposit operation the bank does not know what is in its customer's box, and does not have access to it, since the box can be opened only by the combined use of the customer's key and the bank's guard key. In a true bailment, it is argued, the bailee has exclusive possession of the bailor's goods; the safe deposit lessor does not have such exclusive possession and, thus, is not a true bailee.

Throughout the years, the argument has had relatively little success. Courts have accepted the bailor-bailee theory and held banks liable even in cases of unexplained disappearance of property allegedly placed in boxes. Recently, however, two lower courts, one in Pennsylvania and one in New Jersey, have looked at "mysterious disappearance" cases and come to the conclusion that, where a bank does not have exclusive control of entry to a box, the simple application of the bailor-bailee theory does not result in justice to the bank.

In the first case, plaintiff alleged that some \$5,000 had mysteriously disappeared from his box. The Court of Common Pleas for Philadelphia County did not reject the bailor-bailee theory, but did hold that "there is a vital factual difference" between cases where the bailee has

(CONTINUED ON PAGE 86)



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Forty-eight states and the District of Columbia are each individually covered by CCH's State Tax Reports, each state the subject of its own reporting unit. Swift, accurate, convenient, the informative regular issues of each unit keep your tax facts and information constantly up-to-the-minute. Coverage includes new laws, amendments, regulations, rulings, court and administrative decisions, return and report forms—in short, everything important or helpful in the sound and effective handling of corporate or individual state taxes and taxation.

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**TOTAL EMPLOYMENT** in the Los Angeles Metropolitan Area is at the highest level in history. More than 2¼ million persons are currently employed in this area, with over 100,000 new jobs being added yearly. Employment is expanding faster locally than nationally. As compared with a year ago, employment in the Los Angeles area was up 5% in May and the gain in the nation as a whole was 2½%.

**THE TREND OF UNEMPLOYMENT** has been particularly favorable in the Los Angeles Metropolitan Area. May's unemployment figure was 40% below a year earlier. This compares with a 25% decline in the nation as a whole. Only 2.9% of those in the Los Angeles area labor force were unemployed in May. Except for the World War II period, this was the lowest ratio for any month on record. It compares with a May 1955 ratio of 3.8% for the entire United States.

# SECURITY-FIRST NATIONAL BANK OF LOS ANGELES

FOUNDED 1875

## STATEMENT OF CONDITION

JUNE 30, 1955

### RESOURCES

Cash and Due from Banks .....	\$ 394,119,868.21
U. S. Government Securities .....	\$1,046,818,390.10
State and Municipal Securities .....	71,498,744.44
Other Bonds and Securities .....	31,109,437.32
Loans (less reserves).....	532,197,759.96
Certificates of Interest of Commodity Credit Corporation .....	25,000,000.00
Earned Interest Receivable .....	8,310,402.32
Customers' Liability—Accept. and L/C .....	4,134,159.87
Bank Premises .....	3,815,067.45
Other Assets .....	129,169.50
<b>TOTAL .....</b>	<b>\$2,117,132,999.17</b>

### LIABILITIES

Capital .....	\$ 50,000,000.00
Surplus .....	50,000,000.00
Undivided Profits ..	38,028,780.01
Reserves for Interest, Taxes, etc. ....	15,145,515.94
Interest Collected—Unearned. ....	4,218,133.17
Acceptances and Letters of Credit .....	4,134,159.87
Other Liabilities .....	295,981.57
Deposits—Time ....	\$ 629,678,736.33
—Demand .	1,325,631,692.28
<b>TOTAL .....</b>	<b>\$2,117,132,999.17</b>

Securities carried at \$205,859,154.63 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

143 Offices and Branches serving Central and Southern California

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(CONTINUED FROM PAGE 84)

exclusive possession and those where it does not. In the former type of case, the court observed, the bailor can obtain little information as to how the bailed property was lost unless the bailee chooses to explain, and for that reason, there is good reason for applying the presumption that the bailee was negligent.

The case before the court was of the latter type, however. "The bailee's possession was no more exclusive than the bailor's; each needed the other's key to gain access to the box." Under such circumstances, said the court, there is no basis for presuming that the bailee was negligent; the bailor must present evidence affirmatively establishing such negligence.

Two other observations of the court are of interest: "If in the absence of lack of due care, a bank bailee is to be an insurer for the contents of the box, it ought to have an opportunity to have the value declared in advance. . . . To apply the principle that proof of loss is sufficient to require a defense opens the doors to false and fraudulent claims." Grossman v. Broad Street Trust Company, District and County Reports—Philadelphia, March 14, 1955, No. 11, Page 476.

In the second case, the court went even further, holding that the relationship between bank and customer was not one of bailment. The facts were quite similar, the plaintiff alleging that \$8,000 had mysteriously disappeared from a box which could be opened only by the use of two keys, one in the bank's possession and the other in the customer's. The court held that under such circumstances "it is unfair to apply as against the bank a common law strict rule of bailment because the bank had no way of knowing what was in the box, the value of it or anything about it. . . . The relationship here between the bank and the owner or the holder of the safe deposit box is that of . . . lessor-lessee—if we want to apply a legal terminology to it. . . . This is not a common law bailment and therefore the plaintiff does not make out a prima-facie case simply by proving that she put so many dollars in the box and when she next opened it there were less dollars there." Ely v. First Nat'l. Bank of Toms River, N. J. Super. Ct., Law Div., Ocean Co., No. L-2768-53, May 24, 1955.



The interesting question remains: if the relationship between bank and customer is not one of bailor-bailee, what is it? Some writers and attorneys claim that it is a landlord-tenant relationship and should be so recognized. While the relationship has been so defined in many contracts of rental printed by safe deposit lessors, the definition has found little favor with the courts in cases involving liability for losses from a box.

The weakness in the landlord-tenant argument is the same as the weakness in the bailor-bailee argument—a lack of exclusive control. Just as it seems fair to say that a bank is not a true bailee because it does not have exclusive custody of the contents of a box, so it seems fair to hold that the renter of a safe deposit box is not a tenant in the true sense because he does not have exclusive custody of the premises which he rents. Perhaps, eventually, some court will see the relationship for what it is, something *sui generis*, entitled to be governed by a separate set of rules fitted to the needs of the situation.

#### BRIEF NOTES OF OTHER CASES

**Injunction against national bank:** Petition of national bank depositor for temporary injunction restraining bank from disposing of deposit cannot be granted by state court in depositor's direct action against the bank. Federal statute (12 U.S.C.A. §91) has taken away from the state courts the power of issuing attachments as well as injunctions against national banks before final judgment. *Miller v. Mercantile National Bank of Hammond* (Ind. Sup. Ct.) 125 N.E.2d 720.

**Postdated check:** Under the ABA-recommended statute penalizing the drawing of checks against insufficient funds with intent to defraud, the sufficiency of funds is determinable at the time of presentment of a check for payment. The delivery on November 3 of a check dated November 5 constituted a representation that there would be funds in the bank on the latter day. Where funds were not in bank on that day, the giving of the check constituted prima-facie evidence of intent to defraud, under the terms of the statute. *State v. DeNicola* (Ohio Sup. Ct.) 126 N.E.2d 62.

JOHN RENÉ VINCENS

## American Credit Insurance

AND

### *The Case of the Timely Advice*

THIS is an illustration of the manner in which American Credit can often help initiate action for the benefit of its policyholders. Whatever the size or the nature of a business, situations like the one outlined here can arise.

In the present case, the policyholder had previously obtained an increase in the credit limit on a single customer, up to a coverage of 150 thousand dollars, with a ten percent deductible. Some time later, the policyholder's Credit Department contacted us through routine channels about a proposed extension of time on the account. The total outstanding at that time amounted to slightly more than 120 thousand dollars.

Before deciding what should be done, we suggested that an investigation be undertaken through one of our own branch offices. With the facts in the case fully established, the policyholder agreed with us that an extension was actually inadvisable, and authorized us to proceed with efforts to collect the amount past due. No payments were forthcoming, and in the meantime, other creditors had come forward. Preparations were made for immediate suit.

As a result of our activities and the activities of other creditors, the debtor made an effort to find a purchaser for his stock, in order to ward off complete disaster. Such a purchaser was eventually found, and negotiations were begun for settlement of the claim. In the meanwhile, we paid our policyholder slightly over 100 thousand dollars, thus forestalling any possible curtailment of operations due to shortage of fluid capital.

Eventually, with the concurrence of our policyholder, a settlement was made with the purchaser of the stock for payment of the greater part of the original debtor's account. Thus, through the timely advice of American Credit, a happy ending was written to a story that might otherwise have terminated in misfortune.

Whether you are doing business with a few large accounts or a great many small ones, you too will find new assurance in the knowledge that your accounts receivable are protected by insurance to at least the same extent as your buildings, your machines, and your shipments. For your copy of a new booklet: "Credit Insurance, Its History and Functions," write Department 45, First National Bank Building, Baltimore 2, Maryland.

## American Credit Indemnity Company of New York

# BANKING NEWS

## New Laws to Curb Mergers Unnecessary, But Banking Law Amendment Preferable to Clayton Act Control, A.B.A. Says

There is no need for any new laws to regulate mergers and consolidations of banks, the Antitrust Subcommittee of the House Judiciary Committee was told on July 8 by the American Bankers Association in a statement filed with the subcommittee. If Congress should decide otherwise, the A.B.A. said, any additional legislation should be in the form of amendment to the banking laws rather than through amendment to the antitrust laws.

"Powers now vested in the Federal and state bank supervisory authorities are adequate to deal effectively with any threat to competition that may develop from expansion of banks by way of merger, consolidation, or assumption transactions," the A.B.A. brief says. "Supervisory authorities, acting under the laws they administer, have consistently applied the policy of Congress in opposition to transactions which tend to lessen competition or to create monopoly. In the light of this fact, we do not see that additional legislation affecting such transactions by banks is necessary," it adds. "Such legislation should be by way of amendment to the banking laws in pursuance of the precedents now existing with respect to other regulated industries."

### What Bills Attempt to Do

The A.B.A. brief deals with various bills pending in the House of Representatives, all of which seek, by different approaches, to restrain alleged overconcentration of banking facilities by way of merger, consolidation, and assumption transactions. Of these, H.R. 5948 would enlarge the application of Section 7 of the Clayton Act (now limited in its application to the acquisition of bank stocks) to cover the acquisition of bank assets, and continue the enforcement authority in the hands of the Board of Governors of the Federal Reserve System. H.R. 6405 would amend Section 18(c) of the Federal Deposit Insurance Act to

require the prior written consent of the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, or the Comptroller of the Currency—whichever is the appropriate authority—to any merger, consolidation, or assumption transaction, and require that consent be withheld where the effect of any merger, consolidation, or assumption transaction may be substantially to lessen competition or to tend to create a monopoly. H.R. 2115 is substantially the same as H.R. 6405.

"In no other regulated industry does competition exist in numbers and in intensity to the degree that it exists in the banking industry," the A.B.A. brief declares. "This condition of competition pervades the industry notwithstanding the degree of regulation and supervision to which it is subject. Congress

(CONTINUED ON PAGE 90)

## 1,000,000 Copies of A.B.A. School Saver for Pupils Were Distributed Last Year

### Paper May Be Personalized by Banks to Suit Own Ideas

Last year banks distributed more than 1,000,000 copies of the *School Saver*, published three times each year during the school term by the American Bankers Association. The *Saver* is written, illustrated, and edited especially for youngsters in the 9-through-14 age group. Its contents are carefully planned to tie in with their interests; presentation is painstakingly keyed to their reading and comprehension level; and the value of saving is stressed in every issue.

In an effort to make the *Saver* more valuable, the views of students and educators were sought in a recent study made by the Advertising Department of the A.B.A. Many of their ideas and suggestions

(CONTINUED ON NEXT PAGE)

This is a portion of the A.B.A.'s new 3-col. x 9" newspaper advertisement promoting saving at the bank. The Association has two other almost identical ads—one 5-col. x 15" and the other 2-col. x 6". It also has a new savings promotion folder emphasizing the same theme

# SAVE

where most people save:

# AT THE BANK



More people save at the bank than anywhere else—and here are a few of their mighty good reasons why:

**"IT'S SAFE** — sound bank management, carefully restricted investments, close government supervision, modern physical safeguards — plus the fact that deposits are insured by the Federal Deposit Insurance Corporation up to \$10,000 for each depositor — combine to protect my savings funds at the bank as they could be protected nowhere else!"

**"IT'S CONVENIENT** — I like to save where I can do all my banking at the same time — under the same roof!"

**"IT'S HELPFUL** — my money earns interest for me while I am waiting to use it — without my having to make an investment; and when I need credit, I find that having a growing bank balance is a big help in getting a low-cost bank loan!"

**"IT'S PLEASANT** — I have a special, personal feeling about saving at my bank — the bankers who serve me make me feel at home, and show a real interest in helping me with my money matters!"

Some folks give one reason, some another, some a combination of reasons... Come in, open a savings account with us, and discover for yourself the truth of what more than 69 million Americans agree on:

**"THERE'S NOTHING QUITE LIKE MONEY IN THE BANK!"**

## A Flexible and Responsive Bank Credit Policy Is Enunciated by A.B.A. Vice-president Florence

"At times it is hard to determine whether credit is being sought for productive or speculative purposes, but we must constantly endeavor to make that determination," said Fred F. Florence, vice-president of the American Bankers Association, in the course of a speech on "Recent Lessons in Bank Credit." "Self-restraint," he said, "must be exercised as we keep before us the tradition of keeping our institutions safe, sound, and solid."

Mr. Florence, who is president of the Republic National Bank of Dallas, said that "the past two years have served as another worthwhile proving ground for flexible and responsive bank credit policy. Out of the experience of this period, several significant facts emerge that should help to guide our policies for the future."

### Five Points

He enumerated these five points, and he said it is important that bankers keep them in view:

"(1) *The financial strength of our banks is of paramount importance.* By financial strength is meant the soundness of our assets, adequate liquidity, and a strong base of capital and reserves. This is the kind of foundation that banks need in order to face the future with courage and resourcefulness. The situation of 1954 might have instilled more timidity in bankers if they had not felt that their houses were in order and that they could undertake new normal risks with confidence even under conditions of some uncertainty. In the current situation, likewise, we must make sure that we preserve a solid margin of financial strength that again can serve as a source of confidence whenever those around us might need it most.

"(2) *The period just elapsed has again emphasized the importance of having a soundly trained staff of lending officers.* Interest on loans produces three-fifths of the gross operating earnings in our commercial banking system, and so it is just good sense that we be staffed to know our business thoroughly. We have again been taught that conditions change and that the economy never maintains a steady direction indefinitely. We cannot afford to bump along the credit road recklessly, but we must be equipped with carefully trained and experienced drivers who are not afraid to take the wheel, who can see the turns in the road, and who can guide our institutions on a safe and fruitful journey.

"(3) *Understanding of customers' needs stands out as an essential ingredient of a constructive credit policy.* Our institutions must be prepared to help potential users of sound credit, even when they are not finding it neces-

sary to avail themselves of the discount window. Knowledge that financial assistance is readily available often can do much to preserve the confidence of businessmen at times when there is a tendency to hesitate or turn back.

"(4) *The necessity for evaluating economic developments and the significance of the actions of monetary authorities should not be overlooked.* These two factors cannot be separated, and they have an important relationship to bank lending policy. We should bend every effort to understand what is happening and to cast our lending decisions in a mold of sound credit policy designed to fit the needs of the prevailing business climate. This means that we must study carefully what the monetary authorities are doing in the interest of preserving the soundness of credit and the integrity of the value of our money.

"(5) *We have again learned the need for forward vision in the broader aspects of our approach to bank credit.* Naturally, as just suggested, we must keep credit sound in terms of the prevailing situation, but we must not neglect the problem of adapting our lending facilities to the long-range changing requirements of a growing nation. The banking system has no monopoly on any segment of the credit markets. We hold among our assets only one-third of the total debt of the country and only one-seventh of the total debt is in our loan portfolios. We are in a highly competitive business, and any sound businessman knows that to meet competition he must constantly be on his toes."

Phoenix bank women lay plans for the 33rd annual convention of the National Association of Bank Women on October 13-16. Left to right, Mildred F. May, assistant cashier, Valley National Bank, Phoenix; Bee Bush, assistant vice-president, Valley National Bank, Phoenix, honorary convention chairman; and Dorothea Weichelt, assistant vice-president, First National Bank of Arizona, Phoenix. Mrs. May and Miss Weichelt are co-chairman of the convention. Speakers are expected to include Fred F. Florence, president, Republic National Bank of Dallas, who is now vice-president of the American Bankers Association



## School Saver

(CONTINUED FROM PAGE 88)

have been utilized in planning the fall issue. This study provided overwhelming evidence that the students and educators like the *Saver*.

The *School Saver* may be individualized according to the wishes of subscribing banks. The bank's name appears in capital letters on page 1—and even the title of the publication may be personalized. A bank's own special material may be substituted on the top half or on the whole of page 1, at additional cost.

Banks have a choice between an edition which refers to SCHOOL savings accounts and one which refers to BANK savings accounts.

In conclusion Mr. Florence stated that "our forward vision must be focused on the ways and means of serving our credit customers and potential credit customers more wisely and more constructively. We must continue to explore new areas of productive lending, and we must not relax our efforts just because the general atmosphere has favored our loan business in the past few years."



## New Laws to Curb Mergers Unnecessary, A.B.A. Says

(CONTINUED FROM PAGE 88)

and the states long ago determined that some degree of regulation should govern the entry into and conduct of the banking business. The extent of regulation of the banking business has increased until today almost, if not all, banking activity is engaged in and must be carried out in accordance with state or Federal regulation, or indeed both in the case of many banking activities. It is doubtful that any industry is as closely regulated and supervised as is our industry.

"Congress as a matter of policy shields many industries from competition in varying degrees. In other industries, state regulation of certain activities is substituted for Federal antitrust coverage."

Stating that the record of past transactions and the record of the supervisory authorities do not warrant the enactment of additional legislation to prevent the lessening of competition, the A.B.A. brief argues that "if Congress should decide that additional legislation is desirable, it should be by way of amendment to the Federal Deposit Insurance Act rather than by amendment to the Clayton Act, as provided in H.R. 5948, which bill would vest enforcement authority in the Board of Governors of the Federal Reserve System concurrently with the Department of Justice."

Arguing that it would not be fea-

sible to vest the enforcement authority in one supervisory agency, the brief notes that "there is no such homogeneity among banking institutions as would warrant the assumption that one supervisory authority is qualified by knowledge and experience to discharge the duties of one or more of the other supervisory authorities."

The brief argues further that "action taken by supervisory authorities with respect to mergers and similar transactions should, as a matter of sound policy, enjoy finality. This would be in accord," it points out, "with the policy of Congress adopted in the Clayton Act, under which the mergers and consolidation transactions in industries subject to the jurisdiction of the agencies designated in the act are immune from governmental attack if consummated after approval of the appropriate designated agency. It would seem dangerous to the safe and efficient conduct of the banking business to vest authority in another agency, such as the Department of Justice, to institute proceedings in attack on a bank merger or consolidation consummated after approval of the designated supervisory agency. The importance of the ability of a bank to obtain expeditious, final approval of a merger, consolidation, or acquisition of assets cannot be overemphasized."

## A.I.B. Program Discussed at 13 Regional Conferences

Leaders from 51 chapters and study groups of the American Institute of Banking will meet in the Columbia Hotel in Columbia, S. C., on August 6, 1955, to discuss their educational programs for the coming year. They will represent chapters and study groups throughout Delaware, District of Columbia, Maryland, North Carolina, South Carolina, and Virginia.

The conference is one of 13 being held in various sections of the nation during July and August (see page 77 May issue). These meetings are held annually to enable chapter and study-group leaders to exchange information and ideas, with a view toward keeping them abreast of the latest developments in banking education.

The Institute, which is the largest educational institution of its kind in the world, provides an opportunity for banking education through about 435 chapters and study groups. At the conclusion of the Institute year on June 1, the A.I.B. had almost 122,000 members and nearly 66,000 enrolments in its classes.

Jewel Breland, of the Citizens & Southern National Bank, Columbia, is general chairman of the conference committee, which has arranged an intensive program through the day.

# News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

## "Operations" Successful

MORE than 400 banks are participating in national tie-in promotions originated by United States Steel.

In what the company calls "a spirit of enlightened self-interest," U. S. Steel opened up with "Operation Snowflake" to encourage the sale of major appliances at Christmas, a traditionally slack season. This was followed by "Wife-Saver," to promote steel kitchens. Then came "Shower," promoting gifts of steel for the bride.

These "Operations" were carefully

conceived, nourished, and developed. In the first "Snowflake," however, there was a serious oversight. The banks were forgotten. They are now a major force in the promotions, and not the least of the reasons for this was the activity of the Brockton (Mass.) National Bank.

This bank liked the looks of "Operation Snowflake" and determined to get in on it. The bank swung into action in November 1954 with a display of washing machines, refrigerators, stoves, etc., at the Hotel Bryant to apprise members of the Appliance Dealers' Association of the value of the promotion in se-

curing Christmas business. Then, with the assistance of the *Brockton Enterprise*, the bank arranged nine full pages of ads and copy stressing the "Make It a White Christmas" theme. The bank then distributed bumper signs and window banners to local appliance dealers. Then it displayed all makes of representative appliances in the bank's four branches.

Result? Well, for December, the number of appliance deals effected beat the previous December by 27½%. In the first 26 days of January, sales ran 40% ahead of the previous January.



U. S. Steel reports that "Operation Snowflake" generated \$10,000,000 worth of newspaper, magazine, and TV advertising. And, says the company, just as the banks have learned from Brockton National's example, so too has Steel benefited from the experience gained from earlier promotions. This year, national campaigns will start earlier to take advantage of all possible tie-in advertising.

## Loans by Phone

MARSHALL & ILSLEY BANK inserts big ads in the Milwaukee *Sentinel* which show a telephone, with two phone numbers superimposed upon it, and the message: "Just pick up your phone for an auto loan."

## Report on First 1½ Years

THE Jenkintown (Pa.) Bank & Trust Co. decided a year and a half ago that it should build a real instalment loan business, and in that period developed a \$2¼-million sales volume.

"For the first time," the bank relates, "the residents of Jenkintown and its surrounding areas were able to negotiate any kind of instalment loan at the low rates which only a bank can provide."

The bank didn't just sit back and wait for business. All types of instalment loans were considered "big business" at the bank, and such loans were vigorously solicited.

For example, when Abington Township completed last year's



This steel kitchen in the lobby of the main office of Central National Bank of Cleveland shows one bank's participation in the Wife-Saver promotion

sewer project, the bank wrote to homeowners offering to assist in the financing of assessments and other costs. The response was enthusiastic.

While auto loans seem destined to become increasingly important in the bank's loan future, its \$2¼-million figure is almost equally divided among three categories: personal loans, home improvement, sewer assessments, or financial emergencies; appliance financing; auto loans.

In just under a year and a half of operation, there are nine employees in the instalment loan department handling more than 2,000 accounts. Most of the personal loans are made without collateral or security of any kind except the character and integrity of the borrower.

## Report on First 20 Years

MANUFACTURERS TRUST COMPANY of New York City has celebrated its 20th anniversary in the instalment loan field. Its personal loan department was established on June 25, 1935. During the first 20 years, the department has made more than 1,400,000 loans totaling approximately \$855,000,000.

"The excellent manner in which these obligations have been repaid," said John B. Paddi, vice-president, "has fully justified our faith in the borrowing public."

At present the department processes about 600 loans on an average business day, and has a night staff working around the clock to keep pace with the applications coming in from the bank's 112 branch offices.

## Wanna Buy a Plane?

BEECH AIRCRAFT CORPORATION of Wichita, Kansas, recently delivered the first business airplane to be sold under the company's new "floor plan" for financing the commercial aircraft purchased by its distributors.

The plan is operated through a financial arrangement in which the Fourth National Bank of Wichita and the First National City Bank of New York participate with local banks in the Beech distributor territories. The Insurance Company of North America provides full hull coverages on the planes financed.

Beechcraft executive models available for financing under the new plan include 4-, 6-, and 8-place planes.

## More Revolving Loans

THE "Borrow-by-Check" or "Check-Loan" revolving loan account seems to be catching on. A number of banks have gone into this, the latest to come to our attention being the City National Bank & Trust Company, Kansas City, Mo., and the First National Bank in Dallas, Dallas, Tex.

Under the plan, the borrower establishes a line of credit based upon the amount he is willing to repay monthly. To borrow against the established credit total, he merely writes a check. Special checks are issued for this purpose. It is not necessary to repay any one loan before more can be borrowed, as the borrower has an established maximum.

"Don't worry about what your husband might say, madam. . . . our credit department is not afraid of him!"



# News on Savings

Items and Comment from Our Savings and Mortgage Division and Other Sources

## 2½% Savings Certificates

THE Seattle-First National Bank is offering three-year savings certificates paying 2½% compounded quarterly when held to maturity.

Effective July 1, the certificates became available at all of the bank's 61 statewide offices in multiples of \$100.

Interest on savings certificates cashed prior to maturity will be paid on a graduated scale, starting with 2% after six months, 2½% after 15 months, 2¾% after 18 months, and 3% after 27 months. The full 2½% rate will be paid only on certificates held to maturity. All interest will be compounded quarterly and will begin on the date of issuance.

The interest rate on regular savings accounts at Seattle-First National Bank is 2% compounded semiannually. The 2% rate is being paid by the majority of commercial banks throughout the state.

"Seattle-First National Savings Certificates are designed for the savings investor who wants greater income combining bank safety, convenience, and the protection that is afforded his savings funds by the diversified resources of the state's largest bank," Chairman Lawrence M. Arnold said. "We feel justified in paying 2½% on Savings Certificates because we can invest these longer-term funds more advantageously, and because we can handle the fewer number of deposits and withdrawals at less cost. Regular savings will continue to be available at 2% for those persons who wish to set aside their funds for short-term needs."

## 4% Investment Thrift Certificates

IN order to extend its services to all types of California investors, The Morris Plan Company of California has introduced a new investment thrift certificate which will be available in \$5,000 denominations only, according to President Ralph N. Larson.

## Governor Herter Signs Recodification Act



GOVERNOR Christian A. Herter signs the act recodifying the Massachusetts savings bank law. This statute is the outcome of a three-year study by a committee of the Savings Banks Association of Massachusetts and the Banking Department.

Louis S. Finger, vice-president and treasurer, Andover Savings Bank and president of the SBAM, reports that this "is the first complete revision of the savings bank law since 1908. It contains many technical changes made necessary by the changed economic conditions and several important improvements in the sections governing our mortgage operations. When the law was last recodified, the total deposits of the savings banks were \$709,519,730. Today they are \$4,259,090,233."

Shown with the Governor are, left to right standing: Mr. Finger; Kenneth McDougall, executive manager, SBAM; Charles P. Howard, Commissioner of Banks; and Clifford F. Martin, president, City Savings Bank, Pittsfield.

This certificate, which earns interest at 4% per annum, payable quarterly by check, is expected to have special appeal to the middle-sized investor. Since 1916, Morris Plan of California has offered a thrift service to Californians and has always honored withdrawals from thrift accounts upon demand. These certificates will be subject to redemption at any time, though if surrendered within six months will have no yield and if surrendered before two years the yield will be 2½%. The principal is adjusted at time of redemption to give effect to the lower yield.

Thrift accounts of The Morris Plan Company of California now exceed \$37,000,000, and with resources of over \$50,000,000 it is America's largest industrial loan company.

## Vacation Club Record

MASSACHUSETTS savings banks have distributed a record high of \$8,072,490 to 95,981 thrifty vacation club members according to figures released by Louis S. Finger, president of the Savings Banks Association of Massachusetts.

Mr. Finger, who is vice-president and treasurer, Andover Savings Bank, revealed that this year members of vacation clubs sponsored by many savings banks throughout the state can expect to receive an average check of \$83.92.

## Teen-Ager Thrift Education

THE Savings Banks Association of the State of New York is exploring the possibility of extending its

"High Times" educational work with teen-agers into every town and city in the state, whether a savings bank exists there or not.

The association's subcommittee on promotional activities has developed the idea of a news service for student editors of high school publications. Each month, if the plan is adopted, the publication faculty adviser of each secondary school in the state — public and private — would receive a kit containing material on thrift, savings banks, the topics of general interest to teen-agers.

## The Challenge to Banking

THERE are today three significant aspects of savings which bankers should clearly understand, said Homer J. Livingston, president of the American Bankers Association, in a recent address on "Savings and the American Economy."

In his discussion of these three points, Mr. Livingston, who is president of The First National Bank of Chicago, said, in part:

"(1) The United States now has the greatest industrial plant in history, and no other single factor is more important in helping this nation to bring stability and peace to the world.

"To maintain and expand this industrial plant so that it keeps the nation powerful and steadily raises our standard of living will require vast savings.

"If more and more goods are to be produced by each worker, we shall need more and more capital investment per worker. It has been estimated recently that we shall need long-term capital investment of \$28½-billion yearly to provide more tools and working facilities and to maintain our present plants. We shall need tens of billions of dollars for highways, schools, hospitals, and for construction of many types.

"These enormous investment expenditures can be financed only by the savings of our people. . . .

"(2) . . . Of an estimated 51,000,000 family units in the United States, about one out of every three is now in the \$4,000-to-\$7,500 annual income group. This middle-income group has more than tripled in both numbers and income since 1929.

"This wider distribution of the nation's income has opened the door to increased savings by more and more men and women, by persons who formerly were less able to save, and by persons who have not been steady savers in the past.

"During the next decade, there is every indication that the country's

economic progress will continue. An expanding economy will demand a steady supply of capital, and that supply can no longer be found in the pockets of a few individuals, nor will it be possible for business to pay for all of its expansion out of retained earnings. . . .

"(3) Banking occupies a position of extraordinary responsibility for the welfare of the people. Our banks are a vital link in collecting the savings of the people and directing them into productive channels. We must clearly and effectively describe in our advertising and public relations programs the value of thrift and the part our banks play in the formation of capital which makes great industries and high standards of living. To the men and women in every community, particularly to the young men and women, to the worker, the farmer, the employer, the rich, the poor, we need to explain that individual thrift is the keystone of our private enterprise system, without which the vast industrial expansion of the coming years cannot be realized. The failure to provide the savings necessary for the expansion of industry in this country could endanger the future of free enterprise and the security of the nation itself.

"Our responsibility is great. The challenge to banking is clear."

# News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

## Largest Tax for Filing

THE largest tax for filing preliminary architectural plans in New York City's history was paid by Webb & Knapp, Inc., when plans were submitted to the city for the Palace of Progress, world's largest building, to be constructed over the present site of Pennsylvania Station.

A \$21,927.36 initial payment of a filing fee of \$109,636.80—approximately nine times greater than any tax ever paid for submitting architectural plans in New York—was handed to the Commissioner of Housing and Buildings.

Since the tax on architectural plans is based on the size of the proposed project (at a rate of 60

cents per thousand cubic feet), the amount paid indicates a structure of 183,000,000 cubic feet, well over twice the size of the Pentagon, presently the biggest building in the world.

## VA Direct Loans Extended

THE Veterans Administration direct loan program for World War II and Korean conflict veterans who live in areas where private GI loan financing is not available has been extended for two years and broadened under a law recently signed by the President.

The new law will permit a veteran to get a VA direct loan to buy a farm with a farmhouse which he intends to occupy as his home or to

## New Housing Starts

A COMPARISON of new permanent nonfarm dwelling units started in the first six months of 1954 and 1955:

	1954	1955
January	66,400	87,600
February	75,200	89,900
March	92,200	117,000
April	108,000	127,000
May	108,500	132,000
June	116,500	129,000
Total	566,800	682,500

The seasonally adjusted annual rate for private starts in 1955 is 1,320,000, according to the U. S. Department of Labor's Bureau of Labor Statistics.



alter, improve, or repair a home. Previously, a VA direct loan could be used only to purchase or construct a home or to construct or improve a farmhouse.

The new law also permits eligible veterans, who have used a portion of VA guaranteed loan benefits, to use their remaining entitlements to obtain VA direct loans.

VA's direct loan authority, which was due to expire under the old law at the end of June, was extended for two years to June 30, 1957. The new law also authorizes the Treasury to advance VA up to \$150,000,000 during each of the next two fiscal years.

## HHFA's Urban Renewal Book

IN a new booklet—*How Localities Can Develop a Workable Program for Urban Renewal*—the Housing and Home Finance Agency in Washington states:

"The Housing Act of 1954 requires that in order for a community to be eligible for certain forms of Federal assistance to urban renewal, the Housing and Home Finance Administration must determine that the community has a workable program for urban renewal meeting the requirements set forth in subsection 101 (c) of the Housing Act of 1949, as amended."

Also covered in the introduction may be found (1) "The Origins of the Workable Program Concept"; (2) "What the Law Requires"; and (3) "The Policy of HHFA." Under Part I the booklet tells "How a Locality Prepares Its Program" and Part II covers "Fundamentals of a Workable Program."

This publication may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, for a dime.

## Demonstration Grants Guide

THE Urban Renewal Administration of the Housing and Home Finance Agency has just released *A Guide to Demonstration Grants* (as authorized by Section 314 of the Housing Act of 1954).

In addition to including information on what the law requires, this guide covers (1) "Purpose of Demonstration Grants"; (2) "Definition of 'Public Body'"; (3) "What Other Agencies May Participate"; (4) "Project Expenditures"; (5)

"Method of Accounting"; (6) "Relation of Demonstration Grants to Other Aspects of Urban Renewal"; (7) "Establishment of a Demonstration Project"; (8) "Duration of the Project"; (9) "How Demonstration Grants are Made"; and (10) "Types of Activities Eligible for Grants."

## Mortgage Bankers Add New Courses II and III

THE Mortgage Bankers Association of America achieved the second step this year in development of its School of Mortgage Banking at Northwestern University, Chicago campus, by offering for the first time Course No. II, with Course III scheduled for initial presentation next year. Course I was offered for the second year. After completion of all three courses, students will be given certificates of achievement. More than 100 attended Course I (maximum attendance permitted) and 90 took Course II June 19 to 25. Institutions represented were from all sections of the country and included

Potter Bank and Trust Company's modernization dealer financing policy booklet



banks, mutual savings banks, life insurance companies, mortgage houses, and other investing institutions.

Course I is being presented during mid-summer at Stanford University, Stanford, Calif., for the first time with Course II and III to follow in the next two years.

## Construction Zooms

OUTLAYS for new construction rose seasonally in June 1955 to \$3.8-billion, the highest monthly figure on record, according to preliminary estimates of the Departments of Labor and Commerce. The June figure brought the total dollar volume of new construction for the first half of the year to an all-time high of \$19.1-billion. This represents a seasonally adjusted annual rate of \$41.7-billion, 11% higher than the total of \$37.6-billion of work put in place in 1954, the previous peak year.

Virtually all types of construction shared in the 6% rise between May and June, but most of the increase resulted from expansion of house and store building and highway work.

## Getting Money's Worth

AN attractive three-color (pink, green, and black) booklet entitled *How to Buy Home Improvements and Get Your Money's Worth* has been published and distributed to its modernization dealers by the Potter Bank and Trust Company, Pittsburgh. The cover and inside pages are illustrated with caricatures of an owl.

## 1,700 VHMCP Mortgages

MORE than 1,700 home mortgages have been placed with private lenders by the Voluntary Home Mortgage Credit Program in its first few months of operation, HHFA Administrator Albert M. Cole recently reported to the national committee directing the program.

Mr. Cole stated that 1,146 of the 1,718 loan placements through June 15 resulted from commitments of participating lenders during the first two weeks of June. Further acceleration in loan placements is anticipated as applications in process reach the commitment stage.



# News for Trustmen

Items and Comment from Our Trust Division and Other Sources

## Mortgages Popular

THERE is a growing movement on the part of administrators and trustees of pension funds to invest in insured and guaranteed mortgages, according to Thomas P. Coogan, president of Housing Securities, Inc., a national mortgage clearing house organization that has been serving such funds.

The trend has developed as a result of efforts of managers of pension funds to increase their earnings and at the same time retain maximum security provided by the Government's insurance and guarantee on such mortgage securities, Mr. Coogan says. He maintains that the differential in yield between the highest-grade corporate bonds and insured or guaranteed mortgages is currently running at better than one point in favor of mortgages.

## NYSBA Trust Activities

A RECORD of accomplishment was reported by the Trust Division of the New York State Bankers Association to the association's 59th annual convention. The work of the Division is carried on by 10 standing committees made up of 106 trustmen representing trust institutions of all sizes and from all parts of the state.

The activities reported by the Division include the following projects:

In addition to holding an annual formal conference in October, the Division conducts a series of regional meetings during the spring.

Its Committee on Costs and Compensation developed a bill this past year to increase the commissions of fiduciaries, the provisions of which were satisfactory to the Surrogates' Association, the Banking Department, and several bar associations. It was passed by both houses of the Legislature, but vetoed by the Governor. The primary reason for the veto was the Governor's feeling that the bill should have been subject to public hearings. The committee expects to be able to alter the bill to

meet the subjective objections of the Governor.

The Division's Committee on Trust Operations has been working with the Federal Reserve Bank of New York in the development of a second annual income and expense survey of trust departments. The results give hope of an improved earnings situation. The Committee is also considering the development of an operations manual for the uniform guidance of trust departments.

In June 1954, the Trust Division, acting through its Business Development Committee, organized the Trust Business Development School in cooperation with New York University. The Division feels that the school is one of the most significant contributions made by it in recent years. Enrolment is limited to 30 carefully chosen students who meet for an intensive week-long session. The curriculum was revised this year to place more emphasis on estate planning and a few students were accepted from trust institutions in neighboring states.

Representatives of the trust divisions of New York, New Jersey, and Pennsylvania, known as the Tri-State Committee, are developing a leaflet outlining all of the requirements for an out-of-state corporate fiduciary which wishes to qualify in each of the three states.

"I let Edgar do just as he pleases . . . it keeps me in new clothes!"



Several other committees have been active in their respective fields and, in addition, the Executive Committee of the Division has authorized the creation of a library in the association's office in New York where copies of theses on trust subjects by New York State men may be kept on file for reference purposes.

## " . . . for Average Folks "

THE June issue of *Changing Times*—*The Kiplinger Magazine* features an article entitled "Trust Funds— for Average Folks, Too." It shows how trust funds can help the average person plan his finances and make his money serve special purposes. It explains the different kinds of trusts, the terms of trusts, purposes for which trust funds should be established, and common trust funds.

## Who's Intestate?

PROBABLY half of the professional men and women of this country have no wills, according to an extensive survey of the will-making habits of college graduates recently completed by Teachers College, Columbia University.

Even lawyers themselves—who as a group might be expected to provide an example—share the general carelessness toward drawing up their own wills, the survey shows.

Teachers College Development Council surveyors who conducted the study expressed surprise at the high percentage of educated and, for the most part, "well-heeled" citizens having no wills and at the reasons given in explanation.

Nearly 22,000 of 45,000 persons answering the survey questionnaire said that they had no wills at all. Lawyers made a better showing than the group as a whole, or than any other single profession; but, even so, over a fourth of the attorneys answering had neglected to draw up wills.

Pharmacists led the list of professionals in manifesting indifference or ignorance in the matter of

wills, while journalists ran a close second. Nearly two-thirds of the pharmacists were without wills, while half of the writers had none.

Sex, marital status, and number of dependents appeared to have little relation to whether a person had a will or not. Older married persons were about as careless as young, single ones. People with larger incomes were somewhat more likely to have wills than those with smaller ones.

First among the reasons for not having a will was "Don't need." "My family knows what to do if anything happens to me," was a runner-up. Many stated they didn't know how to make a will. Many feared possible high legal fees for drafting a will.

Wives, particularly, showed a lack of interest—or confusion. A number of individuals assumed that an insurance policy was an adequate substitute.

The survey reports that many people are permitting themselves to

be penalized unduly by taxes and by the expenses of settling an estate in the absence of a will. "A properly drawn testament which gives careful attention to tax benefits and to other economies often saves the estate enough money to make possible a bequest to a favorite cause, such as a college," according to Dr. Abel A. Hanson, general secretary of the College.

So widespread is the lack of information on the subject that a broad program of education is needed, Teachers College authorities believe. They are now considering means for supplying basic information to all Teachers College alumni on the importance of having a will "simply as a matter of intelligent self-interest."

## Institute Program Starts

ESTATE planning and administration to produce maximum family and business security with minimum tax consequences is the subject

of a 5-day meeting at the Sheraton-Astor Hotel in New York City beginning August 1.

The program is announced by the Practicing Law Institute of New York City as part of its 14th annual summer session. Attorneys, trust officers, and insurance men from all parts of the United States will attend.

A panel of attorneys, each an expert in his field, will analyze the uses of life insurance; trusts; powers of appointment in estate planning; and the income, estate, and gift tax aspects of typical plans and arrangements. Gifts vs. testamentary distribution, planning for the distribution of business interest, and under what circumstances powers of appointment should be created will be among the subjects presented.

Other discussion topics include marital deduction, trusts for infants, and fractional interest marital deduction trusts, split gifts, selection of fiduciaries, etc.

## CALENDAR—1955

### American Bankers Association

Sept.	25-28	81st Annual Convention, Chicago, Ill.
Oct.	13-14	Western Regional Trust Conference, St. Francis Hotel, San Francisco
Nov.	3-4	Midcontinent Trust Conference, Rice Hotel, Houston
Nov.	16-17	Western Secretaries Conference, Biltmore Hotel, Phoenix, Arizona
Dec.	1-3	Agricultural Credit Conference, Morrison Hotel, Chicago
Dec.	4-6	Southern Secretaries Conference, Williamsburg Inn, Williamsburg, Va.

### State Associations

Aug.	7-8	Pacific Northwest Conference on Banking, Washington State College, Pullman
Aug.	7-19	Colorado School of Banking, U. of Colo., Boulder
Aug.	21-26	Arkansas Bankers Seminar, U. of Ark., Fayetteville
Aug.	21-26	Pennsylvania Bankers Summer School, Pennsylvania State University, University Park
Aug.	22-26	Virginia Bankers School, U. of Va., Charlottesville
Aug.	22	Pacific Coast School of Banking, U. of Wash., Seattle
Sept.	4-8	Tennessee Bankers Conference, U. of Tenn., Knoxville
Sept.	5-8	Texas Bankers Conference, U. of Texas, Austin
Sept.	6-9	Vermont-New Hampshire School of Banking, U. of N. H., Durham
Sept.	8-10	Massachusetts Savings Banks, Mt. Washington Hotel, Bretton Woods, New Hampshire
Sept.	15-17	Maine Savings Banks, Poland Spring House, Poland Spring

Oct.	3-4	New York Mutual Savings, Shoreham Hotel, Washington, D. C.
Oct.	11-12	Nebraska, Cornhusker Hotel, Lincoln
Oct.	14-15	**Fall Meeting, Savings Banks Association of New Hampshire, Mountain View House, Whitefield
Oct.	14-15	**New Hampshire, Mountain View House, Whitefield
Oct.	16-18	Kentucky, Brown Hotel, Louisville
Oct.	17-18	Connecticut Mutual Savings, Mountain View House, Whitefield, N. H.
Oct.	20-21	Pennsylvania, Trust School, Penn-Harris Hotel, Harrisburg
Oct.	23-26	Iowa, Fort Des Moines Hotel, Des Moines
Nov.	17-19	Arizona, Biltmore Hotel, Phoenix

### Other Organizations

July 24-Aug. 6	School of Financial Public Relations, FPRA, Northwestern U., Chicago
July 24-Aug. 6	NABAC School for Bank Auditors and Comptrollers, U. of Wisc., Madison
Aug. 7-19	School of Consumer Banking, University of Virginia, Charlottesville
Aug. 22-Sept. 3	School of Banking, University of Wisconsin, Madison
Oct. 9-13	National Association of Bank Auditors and Comptrollers, Denver, Colo.
Oct. 13-16	National Association of Bank Women, Westward Ho Hotel, Phoenix, Ariz.
Oct. 26-29	Consumers Bankers Association, Hotel Sans Souci, Miami Beach, Fla.
Oct. 31-Nov. 3	Mortgage Bankers Assn. of America, Statler and Biltmore Hotels, Los Angeles, Calif.
Nov. 13-16	Robert Morris Associates, Dallas, Texas
Nov. 14-18	Financial Public Relations Association, Hollywood Beach Hotel, Hollywood, Fla.

\*\*Joint meeting

## Government Bonds

(CONTINUED FROM PAGE 61)

of the maturities by the Federal Reserve banks will sharply reduce the amount to be made attractive to others. But the exact terms of what will be offered in exchange will depend on money and business conditions at the time the offer is made.

Another \$4-billion to \$6-billion of new cash will be needed unless Treasury estimates are out of line. What will be offered will depend again on conditions existing when the offer is announced, but tax anticipation certificates due in June 1956 will probably constitute the bulk of the offering. More long bonds might again be offered.

### Debt Limit Still \$281-billion

Although the debt limit was slated to drop to \$275-billion on June 30, the Secretary of the Treasury was able to show Congress that the maintenance of the \$281-billion ceiling was essential if expenditures—authorized by Congress—were to be paid for. So the higher ceiling was

extended one year to June 30, 1956.

On June 30 this year the total debt subject to limitation was just under \$274-billion. The new money raised in July will add \$2.75-billion plus whatever the increase in the amount of Treasury bills is. Should \$4- to \$5-billion be added in the fourth quarter of the year, the debt limit would be in danger of violation. The Secretary of the Treasury referred to the prospect as a "close squeak."

### Market Continues Soft

As might well have been expected the whole list of Government securities sold at successively lower prices. The longer bonds naturally weakened further when it became pretty certain that more long term 3% bonds would be offered.

At 100 12/32 the outstanding 3% bonds 1995 were down 14/32 in a month and over a point from their earlier high at 101 13/32. The 2 3/4% bonds 9/15/61 at 100 4/32 showed a "before tax" yield of 2.73% and were off over 3 points from their recorded high. At 106 4/32 the 3 1/4% bonds yielding 2.88% were four

points below their highest price.

Once again the total of transactions was very light. What offerings there were, had difficulty in finding satisfactory bids. Banks are so fully loaned up that here and there they find it necessary to sell.

The way in which the two largest automobile and steel companies settled their new labor contracts certainly removes the threat of any marked letdown in those large components of the business turnover. Any sizable decline in gross business volume is now considered to be unlikely. Even the most conservative comment speaks only of "moderating the rate of increase."

This means more loans. More loans mean that banks will need more reserves. The supplier of reserves is the Federal Reserve System. But the supplier is also responsible for not permitting the inflationary implications of the strike settlements to get out of hand. Steel prices are to be raised and automobiles will cost more when the new models are available. It can be safely assumed that the cost of credit will be stiffened as required.



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# The Convention Program

**N**ATIONALLY known bankers, industrialists, and Government officials will speak at the 81st annual convention of the American Bankers Association in Chicago on September 25-28, said Homer J. Livingston, president of the Association and president of the First National Bank of Chicago, when announcing the advance program. The four-day national meeting is expected to attract over 7,000 bankers and their wives from all parts of the United States.

## Speakers

Included among the speakers will be: General Alfred M. Gruenther, Supreme Commander of the Allied Powers Europe, with headquarters in Paris; Robert Cutler, White House Consultant to the National Security Council, and chairman of the board, Old Colony Trust Company, Boston, Mass.; Clarence B. Randall, chairman of the board, Inland Steel Company, Chicago; Under Secretary of the Treasury for Monetary Affairs W. Randolph Burgess; A. L. M. Wiggins, chairman of the board, Atlantic Coast Line Railroad, and chairman of the board, The Bank of Hartsville, S. C.; Allyn Evans, president, Lionel Edie Company, New York; and Ray M. Gidney, Comptroller of the Currency.

Banking leaders who will participate in the program will be: President Livingston; Solomon A. Smith, chairman of the Clearing House Committee of the Chicago Clearing House, and president of The Northern Trust Company, Chicago; Merwin Q. Lytle, president, Corporate Fiduciaries Association of Chicago, and vice-president, Harris Trust and Savings Bank; John W. Remington, president, Lincoln Rochester Trust Company, Rochester, N. Y.; N. Baxter Maddox, vice-president and trust officer, The First National Bank of Atlanta; Joseph W. White, vice-president, Mercantile Trust Company, St. Louis; H. M. Bardt, vice-president and senior trust officer, Bank of America N.T. & S.A., San Francisco; Gibbs Lyons, vice-president of the A.B.A. National Bank Division, and president, First-Stamford National Bank & Trust Company, Stamford, Conn.; Joseph R. Jones, president, Savings and Mortgage Division, and vice-president, Security-First National Bank of Los Angeles; Ben S. Summerwill, president, State Bank Division, and chairman of the board, Iowa State Bank and Trust Company, Iowa City; and George C. Barclay, president, Trust Division, and vice-president, City Bank Farmers Trust Co., New York. Fred F. Florence, A.B.A. vice-president and president, Republic National Bank of Dallas, will also speak.



President Homer J. Livingston

The regular business sessions of the convention will be preceded on Sunday, September 25, by the annual meetings of the A.B.A.'s commissions, committees, and councils, which are the Association's working groups. These sessions will be followed on Sunday afternoon with the traditional reception and tea in the Grand Ballroom of The Conrad Hilton. Sunday evening at 8:30, there will be a program by the Chicago Symphony, George Schick conducting, at Orchestra Hall.

The program for the convention follows:

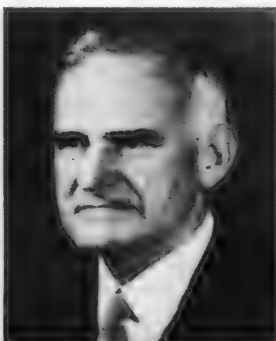
W. Randolph Burgess



Alfred M. Gruenther



Robert Cutler



Clarence B. Randall





### Advance Registrations

AGAIN this year, BANKING will publish in its preconvention issue a list of the advance registrations received up to publication time. This advance list will appear in the September issue and will give readers a list of delegates some three weeks in advance of the release of the regular registration list.

Those who desire to have their names appear in this roster should return the completed registration form in the regular manner by August 11—closing date of the September issue of BANKING.

### Savings and Mortgage Division

*The Conrad Hilton, Waldorf Room—10 A.M.  
Monday, September 26, 1955*

Address of President Joseph R. Jones, vice-president, Security-First National Bank of Los Angeles.

Address by Allyn Evans, president, Lionel Edie Company, New York.

### State Bank Division

*The Conrad Hilton, Grand Ballroom—10 A.M.*

Address of President Ben S. Summerwill, chairman of the board, Iowa State Bank and Trust Company, Iowa City.

Speaker to be announced.

Address by A. L. M. Wiggins, chairman of the board, Atlantic Coast Line Railroad, Hartsville, S. C.

### National Bank Division

*The Conrad Hilton, Grand Ballroom—2 P.M.  
Monday, September 26, 1955*

Address of Vice-president Gibbs Lyons, president, First-Stamford National Bank & Trust Company, Stamford, Conn.

Remarks by The Honorable Ray M. Gidney, Comptroller of the Currency, Washington, D. C.

Speaker to be announced.

### Trust Division

*The Conrad Hilton, Waldorf Room—2 P.M.*

Greetings by Merwin Q. Lytle, president, Corporate

Joseph R. Jones



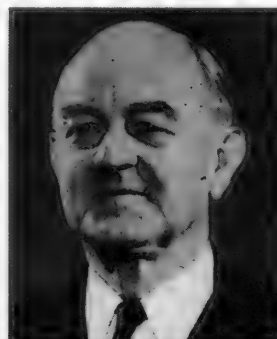
Allyn Evans



Ben S. Summerwill



A. L. M. Wiggins



DEVANEY

Chicago lake front bordering Michigan Boulevard. The Conrad Hilton Hotel, one of Windy City's finest, is shown at left. All convention business sessions will be held at the Conrad Hilton

Fiduciaries Association of Chicago; vice-president, Harris Trust and Savings Bank, Chicago.

Address of President George C. Barclay, vice-president, City Bank Farmers Trust Company, New York.

"Trust Business in 1955—A Report and a Prediction"—10-minute talks by John W. Remington, president, Lincoln Rochester Trust Company, Rochester, N. Y.; N. Baxter Maddox, vice-president and trust officer, The First National Bank of Atlanta; Joseph W. White, vice-president, Mercantile Trust Company, St. Louis; and H. M. Bardt, vice-president and senior trust officer, Bank of America N.T. & S.A., San Francisco.

### Agricultural Breakfast

*The Conrad Hilton, Waldorf-Astoria Rooms—8 A.M.  
Tuesday, September 27, 1955*

Presiding, Jesse W. Tapp, chairman, Agricultural Commission, A.B.A.; chairman of the board, Bank of America N.T. & S.A., Los Angeles.

Address by Charles B. Shuman, president, American Farm Bureau Federation, Chicago.

### First General Session

*The Conrad Hilton, Grand Ballroom—9:15 A.M.*

Presentation of the Colors by Past National and State Champions American Legion Color Guard, The First National Bank of Chicago Post 985.

Call to order by President Homer J. Livingston.



Gibbs Lyons



Ray M. Gidney



Merwin Q. Lytle



George C. Barclay

"Greetings from the Chicago Banks" by Solomon A. Smith, chairman, Clearing House Committee, Chicago Clearing House; president, The Northern Trust Company, Chicago.

Address by President Livingston.

"Greetings from the Treasury" by The Honorable W. Randolph Burgess, Under Secretary of the Treasury for Monetary Affairs, Washington, D. C.

Address by Robert Cutler, chairman of the board, Old Colony Trust Company, Boston.

## Second General Session

*The Conrad Hilton, Grand Ballroom—9:15 A.M.*

*Wednesday, September 28, 1955*

Call to order by President Livingston.

"A Creed for Free Enterprise" by Clarence B. Randall, chairman of the board, Inland Steel Company, Chicago.

Report of Resolutions Committee.

"The Defense of Europe—A Progress Report" by Alfred M. Gruenther, General, United States Army; Supreme Commander, Allied Powers Europe, Paris.

## Entertainment Schedule

*Sunday, September 25, 1955*

*4:00 P.M.* Reception and Tea in The Conrad Hilton, Grand Ballroom.

*8:30 P.M.* The Chicago Symphony Concert, George Schick, conducting—Orchestra Hall.

*Monday, September 26, 1955*

*12 Noon* Ladies Luncheon and Fashion Show in The Palmer House, Grand Ballroom.

*Tuesday, September 27, 1955*

*12 Noon* Ladies Luncheon and Fashion Show in The Palmer House, Grand Ballroom.

*5:00 P.M.* Informal Reception Hour in The Conrad Hilton, Grand Ballroom, and The Palmer House, Grand Ballroom.

Jesse W. Tapp



Charles B. Shuman



Solomon A. Smith



Vice-pres. F. F. Florence



John W. Remington



N. Baxter Maddox



Joseph W. White



H. M. Bardt





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BANKER IN THE SOUTHWEST  
WHO NEEDED  
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# The Move Toward Automation

**R**EPORTING on its first year's experience with electronic computers, the 139-year-old Philadelphia Saving Fund Society also announces that it has started a research program aimed at converting from the integrated mechanical and electronic system it pioneered, to one entirely electronic.

"The new system," said the announcement, "would require a mini-

mum of human instigation. A central control device, somewhat similar in appearance to an organ console, would take the attention of only one operator, and automatically direct the activities of an office full of unattended machines."

The Society's introduction of computers as part of its punched card system has reduced accounting hours on some operations as much

as 87%, reports Comptroller Leonard T. Ebert. He adds that the time-saving expected when it is possible to go "all-electronic" is difficult to express in terms understandable today.

## Too Fast for a Stop-watch

"In a demonstration for bank officials at the PSFS accounting division, a clerk took two minutes to handle a transaction which an electronic computer finished in a split second, too fast to be timed by stop-watch," the announcement reported. The device for example, can perform 40 additions or subtractions in 21 thousandths of a second quicker than the snap of the fingers, or the blink of an eye. But its efficiency will be even further stepped up when the punched card equipment, now cooperating with it, is replaced by devices completely electronic in nature.

"The electronic computers add deposits, subtract withdrawals strike the new balance, calculate interest, perform other bank tasks at the rate of 100 business transactions per minute, and check their answers at the same time. Their installation in May 1954 completed the mechanization of office procedures which the bank has been progressively accomplishing since 1942.

"Not only were operational costs substantially reduced by the computer installation, but it also is credited with opening new areas for service by revealing statistics impossible for the human hand and brain to gather in a practical length of time. In addition, the system proved virtually mistake-proof.

"The punched card system originated for savings account banking by PSFS eliminates peak work rushes of interest calculation and trial balancing, produces a better uniformity of records, provides automatic control posting, easier location of misfiled cards, and machine sorting of transaction tickets.

"The complete mechanized procedure also includes coin and currency counting machines, high speed check signing machines, the newest addressing machinery integrated with the punched card system, and many other mechanical operations,

*built . . .*



Watson Blonde Walnut grained finish metal counter front . . . Union Bank Westside Office, Erie, Pa.

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WATSON ALSO BUILDS A COMPLETE LINE OF STANDARD  
FILING CABINETS AND ROL-DEX ROLLING RECORD UNITS.



as well as telautographs which transmit, almost instantaneously, information on any account from one office of the bank to another."

### "Missing Link" on the Way?

An electronic device that will transact bank business mechanically without even the incidental human assistance now given the machines was called by Mr. Ebert "the missing link" in the present systems.

At least three major manufacturers of electronic "brains" are reported to be attempting to develop this robot, he said. When perfected, it would produce accounting data on magnetic tape simultaneously with a human teller's entry of a transaction at his window, eliminating even the present necessity of pushing a key to set a punched card operation into action.

He envisions transactions going automatically from each teller's window, to be gathered automatically in a central collecting point.

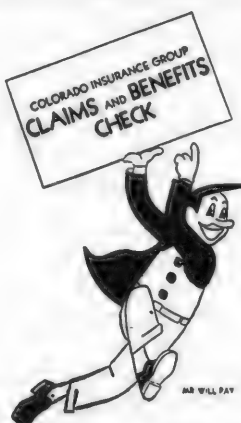
"From there," he says, "the transactions can be cable-transmitted to the central accounting office and recorded in magnetic memory for ultimate processing."

### Without These Aids . . .

A tremendously increased volume of business and inadequate supply of clerical personnel is responsible for encouraging installation of new mechanical banking devices, he asserts. It would have taken 61% more people than the present PSFS bookkeeping force to process the past year's business without these mechanical and electronic aids.

"Electronic devices are so far beyond the standards by which we commonly judge speed and accuracy," Comptroller Ebert points out, "that they are almost beyond comprehension. We are able to estimate the efficiency of a bookkeeper posting 500 accounts a day by relating it to a similar experience elsewhere, but how are we to judge a machine producing 500 postings a second? We know machine capacities in hours and minutes, but we do not know their potentialities in micro-seconds."

"Today's costs cannot be reduced with tomorrow's tools. Our immediate problem will remain: cutting costs by using present equipment efficiently, while preparing for complete electronic conversion."



The importance  
of **SPEED**

and **SIMPLICITY**  
of handling . . .



At the time of the death of the insured, the amount of his total existing indebtedness with the Oklahoma State Bank of Ada, Oklahoma, was \$2,345.04. He had paid off the amount of \$190 on the original debt. The loan was insured by Colorado Credit Life, and within a week after receipt of this claim, Mr. James H. McIntyre, Resident Vice President of Colorado Credit Life for Oklahoma, presented a check for \$2,345.04 to Mr. J. M. Carter, Jr., Vice President of the Oklahoma State Bank, Mr. Tommie Maines, Vice President, and Mr. C. C. Collier, Vice President, (Presentation shown above), and a check for \$190.00 to be paid into the deceased's estate.

The fact that this loan was insured by Colorado Credit Life relieved the Oklahoma State Bank of the unpleasant necessity of collecting the debt from the deceased's bereaved widow. The characteristic simplicity and speed . . . one week . . . with which Colorado Credit Life handled this claim eliminated for the bank the annoyance and expense that often follows the death of a borrower.

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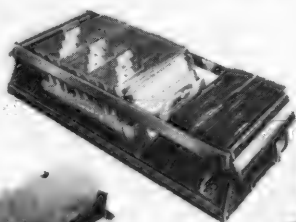
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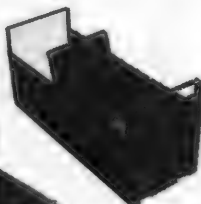


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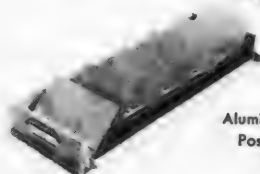
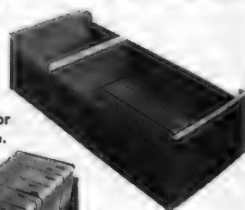
Magnesium  
Post-to-Check  
Trays



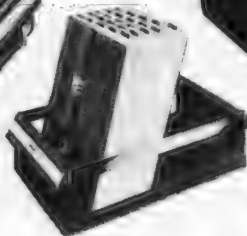
Savings Ledger  
Trays—six types.



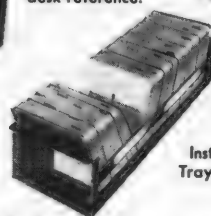
Check Insert  
Trays for file or  
desk reference.



Aluminum, or Steel  
Post-to-Check  
Trays

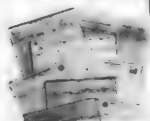


Loan Ledger  
Trays  
of Aluminum,  
Magnesium  
or Steel.

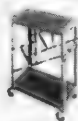


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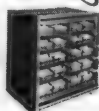
**ACCOUNTING  
FORMS**



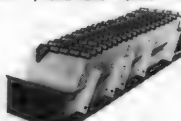
**POSTING  
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# Washington

(CONTINUED FROM PAGE 38)

other subject to the Clayton Act ban if the consequence is the lessening of competition. This was supported by the Federal Reserve Board with modifications. It is House Bill 5948.

(2) A second proposal would amend the FDIC act to permit bank supervisory officials to give greater consideration to the antitrust aspects of a merger. This is H.R. 2115, and has no specific agency endorsement.

(3) Finally, there is H.R. 6405, which would make mandatory upon the supervisory officials the consideration of the antitrust and "competition lessening" aspects of a merger. This is the bill which the Secretary of the Treasury implicitly supported. Subsequently it was openly supported by the FDIC and the Comptroller.

## Believe H.R. 5948 Favored

However, so long as the bank supervisory officials have in effect agreed upon the need to give predominant consideration to the antitrust aspects and this "principle" has been supported by the Administration with the blessing given by Secretary Humphrey, H.R. 5948 is favored to win the political battle.

As a matter of fact, the Celler antitrust subcommittee met shortly after the bank merger hearings and voted to report this bill to the full Judiciary Committee. Even if the full committee were to favor this measure also, it was doubted that anything of so controversial a character could be voted by the House so late in the session.

## A.B.A. Files Statement

A statement on proposed merger legislation was filed by the A.B.A. on July 8. The Association questioned the need for legislation but suggested that, should such legislation be considered necessary, final authority for approval of bank mergers be vested in the appropriate bank supervisory agencies. (See page 88 for further information on this statement.)

## Makes New Try on Holding Company Bill

Senator Willis A. Robertson (D., Va.), stated at the time of writing

that he would seek to have first his banking subcommittee and then the full Banking Committee report out a bill to regulate the growth of bank holding companies and to provide that they divest themselves of non-related business activities.

Previous to this announcement it had been indicated that unless there developed a broad agreement among most of the parties on the terms of a bill, it was unlikely a holding company bill would emerge from the subcommittee.

However, after several days of

hearings the Virginia Senator announced that he intended to get a bill out of committee this year with as near unanimous committee agreement as possible. He said such a bill probably could not avoid displeasing various groups.

Senator Robertson announced, however, that while he hoped to get a bill out of committee no effort would be made to obtain consideration of it on the Senate floor in view of the leadership's desire to adjourn at the end of July. Instead,

(CONTINUED ON PAGE 107)



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## STATEMENT OF CONDITION

AS OF JUNE 30, 1955

### Resources

Cash on hand and due from Federal Reserve and Other Banks	\$ 78,213,076.27
U. S. Government Securities	86,391,477.92
State and Municipal Bonds	3,934,330.74
Other Securities	840,000.00
Federal Reserve Bank Stock	345,000.00
Loans and Discounts	105,152,436.20
Bank Premises	2,401,480.90
Customer Auto Parks	152,915.03
Safe Deposit Vaults	1.00
Furniture and Fixtures	1.00
Customers' Liability under Letters of Credit and Acceptances	2,979,351.66
Other Resources	235,132.24
<b>TOTAL</b>	<b>\$280,645,202.96</b>

### Liabilities

Capital	\$ 4,750,000.00
Surplus	6,750,000.00
Undivided Profits	1,003,920.57
Reserved for Contingencies	12,503,920.57
Reserved for Interest, Taxes, Dividends, etc.	1,342,261.91
Liability under Letters of Credit and Acceptances	2,979,926.66
Discount Collected—unearned	866,577.07
Other Liabilities	221,520.51
<b>DEPOSITS:</b>	
Demand	\$212,679,457.72
Time	25,054,313.82
U. S. Government deposits and other public funds	23,562,405.39
<b>TOTAL</b>	<b>\$280,645,202.96</b>

United States Government Securities carried at \$33,967,625.00 in the foregoing statement are pledged to secure public funds and for other purposes required by law

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OF LOS ANGELES

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*Chairman, National Dairy Products Corporation*

**HENRY C. VON ELM**  
*Honorary Chairman*

**GEORGE G. WALKER**  
*President  
Electric Bond and Share Co.*

# MANUFACTURERS TRUST COMPANY

## Condensed Statement of Condition June 30, 1955

### RESOURCES

Cash and Due from Banks . . .	\$ 785,157,759.03
U. S. Government Securities . . .	823,837,654.79
U. S. Government Insured F. H. A. Mortgages . . . . .	71,971,687.78
State, Municipal and Public Securities	173,430,982.83
Stock of Federal Reserve Bank . . .	4,511,700.00
Other Securities . . . . .	37,115,148.89
Loans, Bills Purchased and Bankers' Acceptances . . . . .	919,756,686.34
Mortgages . . . . .	27,592,925.09
Banking Houses . . . . .	17,914,115.22
Customers' Liability for Acceptances	20,148,421.44
Accrued Interest and Other Resources	9,378,718.87
	<u>\$2,890,845,800.28</u>

### LIABILITIES

Capital (2,519,500 shares—\$20. par) \$ 50,390,000.00	
Surplus . . . . . 100,000,000.00	
Undivided Profits . . . . . 43,361,846.10	\$ 193,751,846.10
Reserves for Taxes, Unearned Discount, Interest, etc. .	21,007,287.93
Dividend Payable July 15, 1955 . .	2,015,600.00
Outstanding Acceptances . . . . .	20,435,670.81
Liability as Endorser on Acceptances and Foreign Bills . . . . .	21,456,052.61
Other Liabilities . . . . .	1,629,699.65
Deposits . . . . .	2,630,549,643.18
	<u>\$2,890,845,800.28</u>

*United States Government and Other Securities carried at \$155,349,311.15 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.*

Head Office: 55 Broad Street, New York City  
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(CONTINUED FROM PAGE 105)

the bill will probably be taken up by the Senate early in 1956.

George R. Boyles, chairman of the A.B.A. Committee on Federal Legislation and president of the Merchants National Bank of Chicago, told the committee the A.B.A. supported bank holding company legislation. He expressed a preference for the latest measure introduced by Sen. Robertson, and opposed the broad discretionary features of the Spence bill, passed by the House.

### Kills Patman Inquiry

Since the House killed the projected inquiry into the Open Market Committee of the Federal Reserve Board, proposed by Rep. Wright Patman (D., Tex.), this project is probably dead. It was indicated after the adverse House vote on the proposed inquiry that Mr. Patman might go ahead anyway, operating a subcommittee of the House Banking Committee.

However, this procedure would not give the Texas Congressman the funds or the staff to launch an ambitious inquiry, and the study would lack the subpoena and "grand jury" aspect, even if it were attempted, which was doubted.

Mr. Patman indicated to the House his interest in developing the figures of bank profits realized in 1954 from sale of Federal securities.

### Wolcott Plays Part

Rep. Jesse P. Wolcott (R., Mich.),

"Never mind that Applegate letter, Miss Rogers"

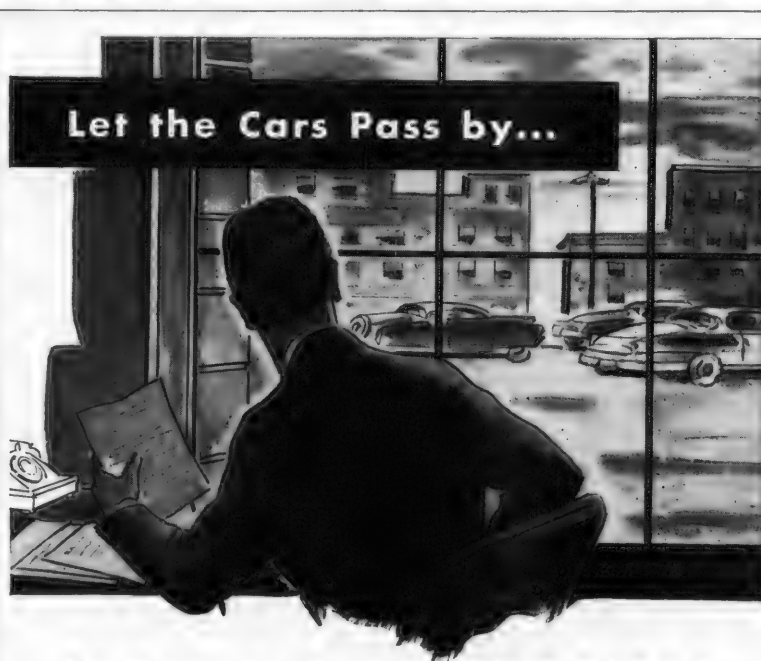


the ranking minority member of the House Banking Committee, played the leading role in the defeat of the proposed Patman inquiry. Mr. Wolcott also worked strenuously to persuade the House to adopt, but without success, a form of holding company bill more agreeable to the bank supervisory agencies. However, the Democratic leadership of the House apparently figured that the bank holding company bill, which few House members understood, of course, looked like a pretty good issue against "bank monopoly."

### S & L Branching

Several bills are awaiting action in the House Banking and Currency Committee which would regulate the authority of the Home Loan Bank Board to approve branches of federally-chartered savings and loan associations. The original bill would confine them, in any state, to the law or practice of that state governing state-chartered savings and loan associations or mutual savings banks.

The Senate version of the original bill was amended and passed by the



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## CREDIT LIFE INSURANCE COMPANY

James H. Jarrell, President  
307 N. Michigan Avenue, Chicago 1, Illinois



# CENTRAL NATIONAL BANK of Cleveland

123 WEST PROSPECT AVENUE

## Condensed Statement of Condition June 30, 1955

ASSETS	
Cash in Vault and Due from Banks . . . . .	\$109,732,454.75
U. S. Government Obligations . . . . .	191,658,846.80
Other Bonds and Securities, Including Stock of the Federal Reserve Bank . . . . .	13,272,097.84
Commodity Credit Corporation Certificates . . . . .	5,050,000.00
Loans Guaranteed or Insured by Federal Agencies . . . . .	30,061,016.84
Other Loans and Discounts . . . . .	153,980,374.36
Customers' Liability under Acceptances and Letters of Credit Outstanding . . . . .	2,233,968.48
Banking Premises . . . . .	2,744,505.63
Accrued Interest and Other Assets . . . . .	2,258,723.45
<b>TOTAL ASSETS</b> . . . . .	<b>\$510,991,988.15</b>
LIABILITIES	
Deposits: Demand . . . . .	\$332,137,454.35
Time . . . . .	136,565,386.72
Acceptances and Letters of Credit Outstanding . . . . .	2,233,968.48
Accrued Expenses, Taxes, etc. . . . .	3,246,149.56
Valuation Reserve for Loans and Securities . . . . .	5,723,502.79
Capital Stock (875,000 shares, par value \$16) . . . . .	\$ 14,000,000.00
Surplus . . . . .	14,000,000.00
Undivided Profits . . . . .	3,085,526.25
<b>TOTAL CAPITAL ACCOUNTS</b> . . . . .	<b>31,085,526.25</b>
<b>TOTAL LIABILITIES</b> . . . . .	<b>\$510,991,988.15</b>

United States Government obligations and other assets carried at \$60,782,399.33 are pledged to secure trust deposits and public funds and for other purposes as required by law.

## ★ Statement of Earnings

	1955 2nd Quarter	Six Months
Operating Income . . . . .	\$ 3,622,848.18	\$ 7,068,605.78
Operating Expense . . . . .	2,371,432.84	4,722,315.16
Operating Earnings before Federal Income Tax . . . . .	\$ 1,251,415.34	\$ 2,346,290.62
Provision for Federal Income Tax on Operating Earnings . . . . .	565,000.00	1,100,000.00
<b>NET OPERATING EARNINGS</b> . . . . .	<b>\$ 686,415.34</b>	<b>\$ 1,246,290.62</b>
Profit (or Loss) on Securities Sold, after Taxes (840.00) . . . . .	(840.00)	(287,912.42)
<b>TOTAL EARNINGS BEFORE RESERVES</b> . . . . .	<b>\$ 685,575.34</b>	<b>\$ 958,378.20</b>
Transferred to Valuation Reserve for Loans . . . . .	\$ 100,000.00	\$ 100,000.00
Transferred to (or from) Valuation Reserve for Securities . . . . .	(840.00)	(287,912.42)
Total Transferred to (or from) Reserves . . . . .	\$ 99,160.00	\$ (187,912.42)
<b>EARNINGS ADDED TO UNDIVIDED PROFITS</b> . . . . .	<b>\$ 586,415.34</b>	<b>\$ 1,146,290.62</b>

## Per Share Earnings

Operating Earnings before Federal Income Tax	\$ 1.43	\$ 2.68
Provision for Federal Income Tax on Operating Earnings . . . . .	.65	1.26
<b>NET OPERATING EARNINGS</b> . . . . .	<b>\$ .78</b>	<b>\$ 1.42</b>

## Statement of Surplus and Undivided Profits

Total—Beginning of Period . . . . .	\$16,849,110.91	\$13,850,921.63
Additions:		
Current Earnings . . . . .	586,415.34	1,146,290.62
Premium on Sale of Capital Stock . . . . .	—0—	2,835,937.50
<b>TOTAL ADDITIONS</b> . . . . .	<b>\$ 586,415.34</b>	<b>\$ 3,982,228.12</b>
Deductions:		
Dividends Paid . . . . .	350,000.00	631,250.00
Extraordinary Expense—Sale of Capital Stock . . . . .	—0—	116,373.50
<b>TOTAL DEDUCTIONS</b> . . . . .	<b>\$ 350,000.00</b>	<b>\$ 747,623.50</b>
<b>Total—End of Period</b> . . . . .	<b>\$17,085,526.25</b>	<b>\$17,085,526.25</b>

Member Federal Deposit Insurance Corporation

Senate, liberalizing the authority to give the same branch powers enjoyed by commercial banks, if greater. A third bill pending in the House Committee would be even more liberal by recognizing for the purpose of the legislation, units of chain and group banks as branches.

Hearings on these bills will probably be held some time early in January.

## Go Light on Farm Credit

While Congress was seriously considering legislation to reduce the size or growth in the size of commercial banking institutions, it was being variously gentle with governmental lending enterprises or was expanding their scope and growth.

Thus, the House Committee on Agriculture reported out (and House passage could have occurred by now) a bill which would fall even short of what the Farm Credit Board itself proposed in reducing Federal capital in Farm Credit Administration institutions.

This committee bill proposed only to "retire" the capital of the 13 FCA banks for cooperatives. It was provided that ultimately, when Government capital has been paid off, the cooperative banks rather than the Treasury shall get the handsome surplus earned by the banks for cooperatives, largely as a result of their use of Treasury money.

As reported out by committee, the bill skipped the idea of trying to retire the capital of the FCA production credit corporations, even though the primary mission of the latter corporations, the initial financing of local production credit associations, has been accomplished.

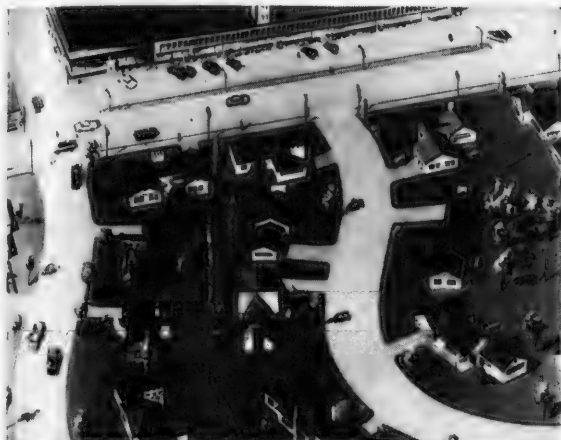
## Oppose Hoover Commission

There was no visible action under way looking to carrying out any of the many recommendations made by the Hoover Commission to curtail the scope or reduce the subsidy aspects of Federal lending and insuring activities.

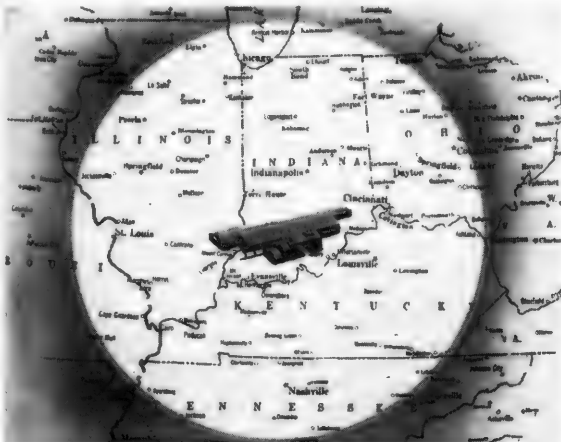
On the other hand, Chairman William L. Dawson (D., Ill.), of the House Government Operations Committee, did conduct hearings. Members of the Hoover Commission task force on lending agencies, and some officials of the lending agencies affected by Commission recommendations, were questioned.

(CONTINUED ON PAGE 110)

# Why National Gypsum has launched a \$75,000,000 expansion program



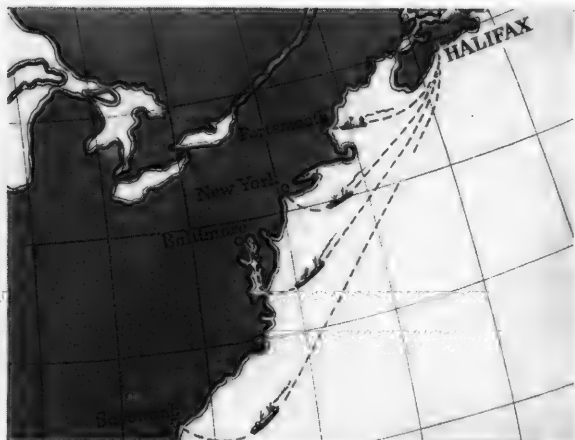
**America is growing.** (There's a baby born every 12 seconds!) New and bigger families are moving to the suburbs . . . demanding 160 new homes every hour. They need new shopping and service centers, churches, hospitals and schools.



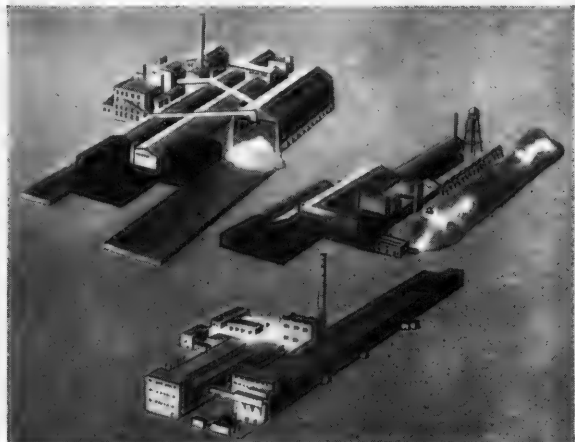
**New plants** are a vital part of National Gypsum's aggressive program. One at Shoals, Indiana, is in production, serving the Midwest with Gold Bond gypsum products. At Westwego, Louisiana, and Burlington, New Jersey, multi-million-dollar plants are under construction.

**WOULD YOU** like to know more about our progress and expansion as well as the more than 200 Gold Bond building products manufactured. Write National Gypsum Company, Executive Offices, Dept. B-8, Buffalo 2, N. Y.

**NATIONAL GYPSUM COMPANY**  
BUFFALO 2, NEW YORK



**New quarrying development** near Halifax, Nova Scotia, assures the seaboard plants a supply of high-quality gypsum for the next 200 years. This new deposit cuts costs and shortens the distance to eastern plants by 500 miles.









**Stepped-up production** has been effected in all plants. Shifts work day and night. New York, Baltimore and Savannah gypsum plants have been expanded to increase output by one-third—providing the productive capacity of a completely new plant.

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BUILDING INDUSTRY**

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BUILDING PRODUCTS

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*Building in Phoenix*

It's the largest in the Southwest.  
It's scheduled for occupancy  
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**FIRST NATIONAL  
BANK of ARIZONA**

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## WHY PASS UP EXTRA COMMISSIONS?

Leading passport manufacturers now has several territories open for aggressive men calling on banks to sell all types of passports and pocket check covers. Commission basis.

**WILLIAM EXLINE INC.**  
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HARRIS & EWING

Comptroller of the Currency Ray A. Gidney, right, with First Deputy Comptroller L. A. Jennings at the bank holding company hearing

(CONTINUED FROM PAGE 108)

Mr. Dawson intended to show, he said, that the members of the Hoover Commission task force were men with a background in private enterprise, interested in profits. They overlooked the important services being performed by Federal lending agencies, he said, adding:

"When a man gets a loan to buy a house or a piece of ground, this makes a good citizen of him. This is a benefit which cannot be measured in terms of private profit."

## Enlarge Housing

Popular press reports of the controversy which emerged over the "Housing Amendments of 1955" were monopolized almost entirely by two public controversies.

One of these was over the projected commitment of the Federal Government for public housing. The Senate proposed a program of up to 135,000 units per year for five years; the House Banking Committee a program of 35,000 units a year for each of two years.

Another controversy was the status of the Home Loan Bank Board, now—by Executive reorganization of a few years back—made a constituent agency of the Housing and Home Finance Agency. The Senate voted to make the HLBB an independent agency again. The House Banking Committee concurred. The Administration objected.

Responsible leaders of both parties blandly stated that other elements of the Senate-passed bill, and the similar bill approved by the House committee, were not in controversy.

Yet both bills, the House measure to a lesser extent than the Senate bill, proposed broad new undertakings in housing finance and housing subsidy. Both extended the scope of Federal loans for colleges, to encompass buildings other than student and faculty housing. Both liberalized urban renewal mortgage insurance, military housing, and insurance of cooperative housing loans.

Both launched what in effect could become a new and growing Federal undertaking—housing for the aged.

## Proposed Broader Farmers Home Loans

The Senate Committee on Agriculture reported out the bill discussed on page 40 of the July issue of *BANKING*, for turning Farmers Home Administration mortgage loans into *de facto* investment paper for banks and insurance companies. It was also a scheme to get around limitations imposed by statute and regulation of mortgage loans banks could acquire.

Under the new basis as the bill was reported out a farmer wanting an "insured" Farmers Home Ad-



## HAVE YOU SEEN . . . .

(1) The leading statements bearing on the need or lack of need for special legislation to regulate bank mergers:

(A) On the "pro" side, write to Stanley N. Barnes, Assistant Attorney General, Department of Justice, Washington 25, D.C. for his statement before the House Judiciary subcommittee on H.R. 5948, and

(B) Write to Chairman William McC. Martin, Chairman, Board of Governors, Federal Reserve System, Washington 25, D. C., for his statement before the Judiciary subcommittee of the Senate of June 24, 1955.

(C) For more or less the "anti" side of the picture, there are the statements of Ray M. Gidney, Comptroller of the Currency, Treasury Department, Washington 25, D. C., of June 24, 1955, before the Senate Judiciary subcommittee, and

(D) A statement before the House Judiciary subcommittee on June 13 by H. E. Cook, Chairman of the Federal Deposit Insurance Corp., Washington 25, D. C.

\* \* \*

(2) FHA's appraisal of the adequacy of its insurance reserve funds. Write to the Commissioner, Federal Housing Administration, Washington 25, D. C., for the "Summary of Analysis of Reserves of FHA Insurance Funds" being press release no. 55-37.

\* \* \*

(3) Secretary Weeks' detailed announcement of the rosy outlook for leading industries, based upon a Commerce Department survey. Write to the Office of the Secretary, Department of Commerce, Washington 25, D. C., for press release G-597, "Mid-Year Report Indicates New Output and Sales Records."

ministration mortgage loan will apply to Farmers Home. Farmers Home will act as a primary lender, approving it. At this stage Farmers Home will write to a bank and in effect say, "Please pass the money." A check ensuing (it will not originally come out of Farmers Home's own funds as was reported a month ago), the bank will be given a farmer's note, endorsed by the

United States, also with a take-out agreement after 10 years.

Furthermore, the bill was so amended that if borrowers and lenders consent, up to \$80,000,000 of old-style, Farmers Home insured mortgage loans may be converted to this paper, as well as some \$200,000,000 of outstanding loans made direct by Farmers Home with Treasury money.



HARRIS & EWING

John B. Hollister, Cincinnati attorney, is sworn in as chief of the newly created International Cooperation Administration. L. to r., Mr. Hollister; President Eisenhower; Secretary Dulles; and John F. Simmons, chief of protocol, State Department

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NAME .....

TITLE .....

BANK .....

ADDRESS .....



# MICHIGAN NATIONAL BANK

BATTLE CREEK

FLINT

GRAND RAPIDS

LANSING

MARSHALL

PORT HURON

SAGINAW

## STATEMENT OF CONDITION

*June 30, 1955*

### ASSETS

Cash and Due from Banks.....	\$ 48,376,121.99	
U. S. Government Securities.....	129,668,124.81	
U. S. Guaranteed Loans.....	49,362,131.59	\$227,406,378.39
Loans—Other.....		156,675,176.93
Bank and Office Buildings.....		6,525,901.47
Federal Reserve Bank Stock.....		390,000.00
Accrued Income.....		1,004,270.22
Other Assets.....		1,051,936.24
Total Assets.....		<b>\$393,053,663.25</b>

### LIABILITIES

Commercial Deposits.....	\$177,853,294.14	
Savings Deposits.....	181,520,212.54	\$359,373,506.68
Other Liabilities.....		3,601,560.13
Deferred Income.....		10,074,622.18
Preferred Stock.....	\$ 1,000,000.00	
Common Stock.....	6,000,000.00	
Surplus.....	6,000,000.00	
Profits and Reserves.....	7,003,974.26	20,003,974.26
Total Liabilities.....		<b>\$393,053,663.25</b>

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Federal Deposit Insurance Corporation*

## Open-end Mortgages

(CONTINUED FROM PAGE 53)

does permit a small portion of the additional advance to be used for improvements designated as "quasi-fixtures."

The Comptroller of the Currency has issued some rather strict regulations for lenders under his supervision on open-end mortgages. For example, the balance of the mortgage loan plus the advance under an open-end contract may not exceed statutory limitations; the first

lien status *must* be maintained; a current appraisal is required; a steady reduction is expected from the inception of a loan; and additional advances are not to be made from time to time in such a manner as to circumvent the intended progressive reduction of the loan.

How contrary is this type of thinking to that of the magazine article referred to, and the many other articles that have appeared from time to time, which seem to indicate that it is hardly necessary or advisable to liquidate debt!

Banks must be realistic about this mortgage. Many savings and loan associations are advertising it as a particularly desirable feature of their mortgage loans and urging its use quite extensively. Other types of institutions are also promoting the use of the open-end advance as a source of easy type of credit. In the selling argument, many point out that, under an open-end mortgage, readvances of principal may be obtained with practically no trouble and with very little cost, and that many permit the use of the funds for any purpose. Many point out that the very low monthly payment for such an advance makes the burden on the borrower very light. With this type of competition, we cannot just sit back and say an open-end mortgage is something we do not want to use, because, under certain conditions, the underlying philosophy is wrong.

### Can Be Inflationary

When it is improperly used, it has an inflationary effect. Under any normal circumstances, it seems entirely wrong to extend credit for 25 or 30 years to buy a stove, which will probably be replaced in less than half of that time, and we question 36 months' credit for cars.

Also, I think anyone who wants to use the open-end form of credit should know what it actually costs him. One of the great advantages advertised about the open-end mortgage is that the monthly payment is so small and therefore so easy on the borrower. Here are a few figures that indicate that it may not be so "easy":

If you borrow \$1,000 under Title I of FHA, you pay a 5% discount rate (which amounts to almost 10% interest), and you pay \$31.94 per month to retire it in the 36 months (CONTINUED ON PAGE 115)

## THEY STILL COST YOU NOTHING

Some seventeen years ago we started selling our bank customers on the idea that *the checks you buy and give away cost a lot of money, but the checks you sell cost you nothing*. At that time there were twenty-seven million checking accounts in this country and check expense was beginning to bulk up large. In some measure we succeeded in selling the idea, and as a result quite a few of our bank customers now absorb very little check cost. These same banks save also in their check handling departments because they are reading more printed names and fewer scrawled signatures.

Well, now there are more than forty-seven million checking accounts and the significance of printed names on checks is greater than ever. Many banks feel that they can afford to absorb the cost of imprinted checks because of the savings in processing. This is probably true, but why jump to the conclusion that these checks can't be sold? Why give away such a large part of the

savings? Certainly the individual who pays \$1.40 for a year's supply of checks is not much out of pocket, and the small business that pays \$3.75 for five hundred checks doesn't suffer much. But, in the aggregate, if the bank absorbed the entire cost it would represent a substantial sum of money.

To sell the importance of printed names on checks is no longer much of a problem because operating bank men fully recognize their value. Our observation, however, is that too many are too eager to give checks away instead of selling them. Our job is not only to provide a top-notch, professional checkbook, but also to help you sell it. What you lay out for checks is not important, but what you absorb is. So today, with forty-seven million accounts, and with ninety-five percent of them under five thousand dollars, it is more important than ever to remember that *the checks you sell cost you nothing*.



Manufacturing Plants at: CLIFTON, PAOLI, CLEVELAND, INDIANAPOLIS, CHICAGO, KANSAS CITY, ST. PAUL

## OLD SUPERSTITIONS

and what they mean



In the days of Julius Caesar, his head appeared on every Roman coin. So great was his power that if the head turned up when a coin was flipped to settle a dispute, the person who'd chosen it unquestionably won the decision.

However, nowadays, nothing is left to chance when you offer the protection of L & L's new Homeowners Policy or Comprehensive Dwelling Policy. (Now available in most states)



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# Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

## Condensed Statement of Condition June 30, 1955

(Figures of Overseas Branches are as of June 24, 1955)

### RESOURCES

Cash and Due from Banks . . . . .	\$1,446,058,783.14
United States Government Securities and Securities Guaranteed by the Government . . . . .	2,241,000,424.34
Federal Agency Securities . . . . .	173,596,191.18
State, County, and Municipal Securities . . . . .	590,106,961.58
Other Securities . . . . .	119,785,913.01
Loans Guaranteed or Insured by the United States Government or its Agencies . . . . .	1,252,410,322.99
Other Loans and Discounts . . . . .	3,049,681,759.30
Bank Premises, Fixtures, etc. . . . .	80,437,247.09
Customers' Liability on Letters of Credit, etc. . . . .	231,605,567.34
Accrued Interest and Other Resources . . . . .	55,404,801.66
<b>TOTAL RESOURCES</b> . . . . .	<b>\$9,240,087,971.63</b>

### LIABILITIES

Capital . . . . .	\$ 150,000,000.00
Surplus . . . . .	200,000,000.00
Undivided Profits and Reserves . . . . .	127,854,701.49
<b>TOTAL CAPITAL FUNDS</b> . . . . .	<b>\$ 477,854,701.49</b>
Reserve for Possible Loan Losses . . . . .	66,752,053.04
<b>DEPOSITS</b> { Demand . . . . .	\$4,160,622,659.36 }
{ Savings and Time . . . . .	4,229,974,345.42 }
Liability for Letters of Credit, etc. . . . .	233,983,923.42
Reserve for Interest, Taxes, etc. . . . .	70,900,288.90
<b>TOTAL LIABILITIES</b> . . . . .	<b>\$9,240,087,971.63</b>

Main Offices in the two Reserve Cities of California

**SAN FRANCISCO • LOS ANGELES**

Branches throughout California

Overseas branches: London, Manila, Tokyo, Yokohama, Kobe, Osaka, Bangkok, Guam

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### Bank of America

(International)

Home Office—New York, N.Y.

A wholly-owned subsidiary

## Condensed Statement of Condition June 30, 1955

### RESOURCES

Cash and Due from Banks . . . . .	\$ 49,933,360.20
United States Government Obligations . . . . .	23,490,150.62
Other Securities . . . . .	8,729,182.00
Loans and Discounts . . . . .	64,629,678.74
Customers' Liability on Letters of Credit, etc. . . . .	47,985,603.73
Accrued Interest and Other Resources . . . . .	912,375.26
<b>TOTAL RESOURCES</b> . . . . .	<b>\$195,680,350.55</b>

### LIABILITIES

Capital . . . . .	\$10,000,000.00
Surplus . . . . .	4,000,000.00
Undivided Profits . . . . .	417,506.02
<b>TOTAL CAPITAL FUNDS</b> . . . . .	<b>\$ 14,417,506.02</b>
Reserve for Possible Loan Losses . . . . .	820,295.83
Deposits . . . . .	131,652,827.07
Liability for Letters of Credit, etc. . . . .	48,071,649.52
Reserve for Interest, Taxes, etc. . . . .	718,072.11
<b>TOTAL LIABILITIES</b> . . . . .	<b>\$195,680,350.55</b>



(CONTINUED FROM PAGE 113)

allowable under Title I. For this \$1,000 debt, you pay a total interest charge of \$149.84. But consider what you pay if you place this \$1,000 under an FHA or GI loan for a 25-year term. You pay interest at 4½% (less than half the rate on an FHA Title I loan), and you pay only \$5.56 per month instead of the \$31.94 required under the Title I loan. But the total interest you pay under the 25-year loan is \$668 as compared to the \$149 paid under the Title I. This is something that borrowers should know. When they take the "easy" credit with low monthly payment and the long term, they are really paying for it! I am terribly afraid that most people do not know the price they pay for these so-called "easy terms," or how such terms increase the real cost of the item involved.

Now as to the method of handling these advances. There is no general rule as to proper procedure for additional advances that will apply in all areas. Every state has its own law regarding readvances of principal under an open-end contract. One thing is very general. For an advance under a mortgage or trust deed, banks and most other types of lenders must have a first lien. There is only one way to be certain that you have this first lien, and that is to get a title policy on any additional advance. Some states have laws stating specifically that additional advances under a mortgage or trust deed have the same priority as the date of the

original advance under the mortgage or trust deed. In these cases, you should consult your attorneys to determine any conditions or requirements in connection with such additional advances, and ascertain that there is not any type of lien that might intervene and take priority over your additional advance. The requirements for maintaining priority of additional advances vary greatly in different states.

Properly used and with proper safeguards, the open-end mortgage can be a very useful part of mort-

gage lending. It can provide the funds for the legitimate needs of many borrowers, and can save them considerable in fees and costs. But when it is improperly used, as will surely happen sometimes, it involves legal hazards, it is inflationary, and it is the wrong type of expensive credit. Its indiscriminate use as a substitute for consumer credit, or solely as a means of obtaining competitive advantage, is something that most of us will agree should be opposed for the good of the borrower and the lender alike.

## CONDENSED STATEMENT OF CONDITION

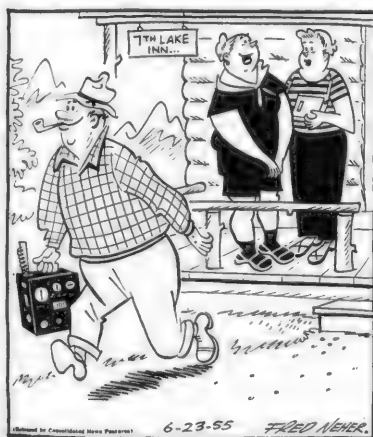
AT THE CLOSE OF BUSINESS JUNE 30, 1955

### RESOURCES

Loans and Discounts	\$ 72,781,124.40
Customers' Liability Letters of Credit	36,720.08
Banking House and Fixtures	100,001.00
Future Banking Home	3,810,709.20
Other Real Estate	1.00
Federal Reserve Bank Stock	300,000.00
Investment Bonds	
Carried at Par or Less	13,448,194.78
U. S. Obligations	
Carried at Par or Less	59,993,195.02
Cash and Due from Banks	49,643,569.65
	<u>\$200,113,515.13</u>

### LIABILITIES

Capital Stock	\$ 5,000,000.00
Surplus Fund	5,000,000.00
Undivided Profits, Net	2,290,572.72
Reserve for Dividends	312,500.00
Other Reserves	768,971.69
Letters of Credit	36,720.08
Deposits:	
Individual	\$150,200,900.31
U. S. Government	8,048,668.41
Bank	28,455,181.92
	<u>186,704,750.64</u>
	<u>\$200,113,515.13</u>



"Willis hopes to strike it rich on our vacation. He brought a geiger counter instead of a fishing rod"

**TEXAS** *National* **BANK**  
OF HOUSTON

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

**The best Inventory Loans  
are better  
when they are supported by  
New York Terminal  
Field Warehouse Receipts**

Field Warehouse Loans possess fundamental and inherent advantages over other types of inventory obligations. And New York Terminal's pioneer experience, broader range of service and warehouseman's know-how combine to give you every advantage of this type of operation. Our Monthly Stock and Value Reports, which always arrive on schedule, eliminate the problems of collateral control. And that's not all. When you specify New York Terminal, you get the additional security of our record of unquestioned bailment backed by our resources and the broadest Fidelity and Warehouseman's Legal Liability Insurance coverage in the industry.

If you are interested in a profit-wise field warehousing loan operation, let us show you a service that not only meets your most exacting requirements but relieves your bank of expensive, time-consuming detail. Call us today.

**NEW YORK TERMINAL  
WAREHOUSE**



25 South William St., N.Y. 4, N.Y.

**OPERATING OFFICES IN PRINCIPAL CITIES**

## **Bank Has Seminar for 135 Officers**

ONE hundred thirty-five officers of Harris Trust and Savings Bank, Chicago, are better bankers as the result of the recently completed 10-week seminar, "Banking and the Money Market." They attended regularly a series of meetings conducted by the bank's economist, Dr. Beryl Sprinkel. His discussions were based on the six Monetary Studies published by the Economic Policy Commission of the American Bankers Association.

The basic objective of this high-level training course was to develop a better understanding of the economics of money and banking, which would be of the most practical use to bankers. Other goals of the program were to improve the understanding of the national economy and public policy as they relate to economic stabilization, with particular stress on the effects of these operations on the banking system; greater awareness of the impact of monetary and fiscal policies on the loan and investment policies of the nation's commercial banks; and increased ability on the part of Harris bank officers to communicate more effectively to customers the crucial role played by the banking system in a free enterprise economy.

### **Weekly Sessions**

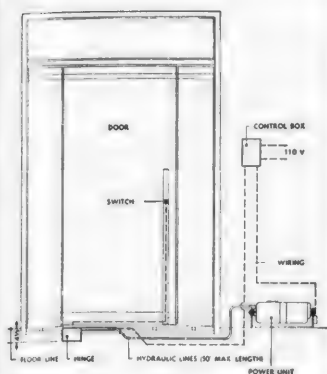
For the seminar the officers were divided into three groups of 45, and each group attended a session once a week. Sessions began at 8:15 in the morning and lasted an hour, thus barely overlapping banking hours.

In addition, 45 senior staff members of the bank heard a taped version of one of the sessions each week, after which Dr. Sprinkel conducted a question-and-answer period.

Reference materials were provided before the course started, bound in heavy-duty leather notebooks, and imprinted with the names of the bank, the seminar and each individual officer's name.

The lectures were augmented by M. C. Burkhart, vice-president and cashier of the Harris, who discussed the problems of managing the bank's short-term money position.

Time was allowed for questions, arguments and open discussions.



#### HOW THE PITTCOMATIC OPERATES:

The power unit supplies hydraulic power to the hinge under the door through  $\frac{3}{8}$ " copper lines. A 10-volt circuit (in the *handle* or *mat*) passes through the control box and activates the power unit. Adjustments of the action are quickly made. Easy to install and maintain, the Pittcomatic is also the *safest* automatic door opener.



National American Bank, New Orleans, La.; Architects: Goldstein, Parham & Labouisse, New Orleans, La.

## Give your entrance "the magic touch"!

**HUNDREDS OF BANKERS** all over the country have found that modernizing their bank entrances with a Pittcomatic installation has paid off in big dividends. For the Pittcomatic is recognized as the "the nation's finest automatic door opener." With it, doors open at a touch, the appearance of the entire front is improved, present de-

positors are pleased and new business is attracted. And the cost is surprisingly moderate.

In the Pittcomatic you have a self-contained, compact unit. It operates on regular 110-volt house current. And its one-third horsepower motor is as inexpensive to run as the conventional home refrigerator. Install-

ing the Pittcomatic is simple. No extensive structural changes in your building front are required. It can be installed under any door. And it is available for both *handle* and *mat* operation.

For complete information on the Pittcomatic, simply fill in the coupon. You are under no obligation.

# PITTCOMATIC®

... the nation's finest  
automatic door opener



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS • FIBER GLASS

PITTSBURGH PLATE GLASS COMPANY

IN CANADA: CANADIAN PITTSBURGH INDUSTRIES LIMITED

Pittsburgh Plate Glass Company  
Room 5336, 632 Fort Duquesne Blvd.  
Pittsburgh 22, Pa.

Without obligation on my part, please send me complete information on the Pittcomatic door opener.

Name .....

Address .....

City ..... State .....

# Savings Trend

(CONTINUED FROM PAGE 48)

has increased to \$1,093, up from \$1,023 in 1952, and in mutual savings banks the individual average amount on deposit is now \$1,665. These figures stand out in strong contrast to the average deposit before the expansion of savings during the war and subsequent years. In 1940, for example, the average regular account in mutual savings banks was \$848.

An important factor in gauging the profitability of savings accounts is the rate of turnover of deposits. Demand deposits in commercial banks often turn over as much as 10 or 20 times a year. It takes an average of over 2 years, however, for time deposits to turn over. In mutual savings banks it takes around 4 years. This rate of turnover is indicated by the ratio of annual withdrawals to the average amount of all savings deposits, being 45.9% for commercial banks and 25.1% for mutuals.

A striking characteristic of sav-

ings account activity in commercial banks is the high volume of withdrawals. The amount of withdrawals in relation to deposits received in 1954 reached 92.21%. This compares with a withdrawal ratio of 90.54% in 1953 and 86.51% in 1952.

In mutual savings banks the ratio of withdrawals to deposits in 1954 was 82.20%, up from 81.13% in 1952.

An effort by banks through advertising and general promotion of savings to change this upward trend of withdrawal activity, especially in commercial banks, is an important need indicated by this survey. In other types of institutions competing for savings, the withdrawal ratio is considerably lower, being 60%, for example, in savings and loan associations.

The constant promotion of thrift, therefore, becomes an important function of savings banking, not only to attract new business but to hold and build up the accounts that have already been opened but are not increasing very fast because of over-activity in withdrawal transactions.

The rate of interest paid on savings accounts continues to move upward. A majority of mutual savings banks replying to the survey questionnaire are paying more than 2½%. As reported at the end of 1954, 22% of the mutuals were paying 2¾% and 26% were paying 3%.

In the 1952 survey over 70% of the commercial banks were paying 1%, approximately 13% were paying 1½%, and 15% were paying 2%. In the 1955 survey those paying 1% had declined to 41% in number, and those paying up to 1½% had increased in number to 15%. The number paying up to 2% had increased to 35%.

## The "Effective Rate"

An important consideration of interest rates is the "effective rate" of interest that is paid by banks, as distinguished from the advertised rate. Because of account closings during the interest period, withdrawals in advance of the interest payment date, and the shorter earning period that may accrue on deposits made during the interest period, the actual amount credited

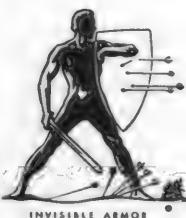


## Know-How

gained in our many years  
of experience with

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can help financial institutions  
find the right answer to  
their bonding requirements.



INVISIBLE ARMOR

**NATIONAL SURETY  
CORPORATION**

4 ALBANY ST., NEW YORK

A MEMBER OF THE FIREMAN'S FUND INSURANCE GROUP



to the savings depositors is lowered.

The ratio of the total interest paid on savings accounts in commercial banks to total deposits (the effective interest rate) was 1.44% in 1954, up from 1.33% in 1952. In mutual savings banks the effective interest rate was 2.38% in 1954, 2.29% in 1953, and 2.22% in 1952.

The use of a split rate of interest has largely ceased to be a factor as a method of paying interest on savings accounts.

Most banks indicated that they are not considering further rate increases at this time.

By far the greatest number of all replies indicate that interest on savings is credited semiannually, with interest commencing on the first of the month following the day of deposit. 78% of the commercial bank replies so indicated, and 84% of the mutuals.

This method conforms with the pattern indicated in the 1952 survey.

#### Minimum Balances

Although some banks require a "free" balance as high as \$500, the greatest number of the replies indicate that a small minimum balance, ranging from \$1 to \$5 is usually required before the account starts to draw interest. There is a tendency on the part of commercial banks to require a higher minimum balance.

Most banks do not have a maximum balance on which interest will be paid except in the case of mutual savings banks in states where laws restrict the size of accounts.

When maximum balances are set by banks, the limit usually ranges between \$10,000 and \$25,000.

Most banks do not impose charges on account activity, but do make charges for other special services which are performed. When account charges are levied they relate principally to the volume of withdrawal activity, and where charges are imposed for services they relate primarily to the issuance and cashing of checks and money orders.

#### Special Purpose Savings

A majority of all banks offer special purpose savings plans. Christmas Clubs are by far the most popular, with 56% of all commercial banks and 87% of mutual banks stating that they offer this type of service.

Vacation clubs and school sav-

ings are also popular, in that order, especially in the mutuals.

Making U. S. Savings Bonds available for purchase is provided almost without exception by all banks.

#### Evening Hours

A surprising result of the survey was the large number of banks which do not offer any form of evening banking hours. Only 27% of the commercial banks and 55% of the mutuals provide this type of extra hours of business as a customer convenience. The urge to limit banking hours to a daytime

program is understandable, but in a period of great competition for the family savings dollar and the shortened work week, the extension of additional banking hours at a time convenient for customers is bound to be reflected in the rate of savings growth.

*Many caddies become expert golfers, probably because they take no lessons and read no books on golf.*

Statistics are deceiving. Is it one out of 10 persons who play golf, or one out of 10 golfers?

## The FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

Statement as of June 30, 1955

#### RESOURCES

Cash and Due from Banks.....	\$ 76,596,687.98
United States Bonds.....	121,633,201.74
State and Municipal Bonds.....	15,636,216.41
Other Bonds and Securities.....	8,190,721.59
Loans and Discounts.....	124,000,308.25
Banking Premises Occupied.....	4,250,509.64
Income Accrued Receivable and Prepaid Expense.....	1,542,846.49
Other Resources .....	476,854.09
<b>TOTAL.....</b>	<b>\$352,327,346.19</b>

#### LIABILITIES

Capital Stock (\$25.00 Par Value).....	\$ 11,875,000.00
Surplus .....	11,875,000.00
Undivided Profits .....	3,346,304.26
<b>TOTAL CAPITAL FUNDS.....</b>	<b>\$ 27,096,304.26</b>
Reserve for Dividends, Interest, Taxes, etc.....	3,464,902.21
<b>DEPOSITS:</b>	
*Commercial, Bank and Savings.....	309,927,316.50
U. S. Government.....	11,790,644.30
Other Liabilities .....	48,178.92
<b>TOTAL.....</b>	<b>\$352,327,346.19</b>

\*Includes \$5,957,512.54 of Trust Money on deposit in the Banking Department, which under the provisions of the Banking Law, of the State of Ohio, Section 1107.12, is a Preferred Claim against the Assets of the Bank.

#### DIRECTORS

FERRIS M. ANGEVIN  
Treasurer, The Cincinnati Milling Machine Co.  
H. TRACY BALCOM, JR.  
President, The Geo. Wiedemann Brewing Co.  
WALTER C. BECKJORD  
President, The Cincinnati Gas and Electric Co.  
LEROY BROOKS, JR.  
Ch. of Bd., The Tool Steel Gear & Pinion Co.  
ROBERT A. CLINE  
Senior Vice President  
POWELL CROSLLEY, JR.  
President, The Cincinnati Baseball Club Co.  
JOHN J. EMERY  
President, Emery Industries, Inc.  
JAMES MCB. GARVEY  
President, The American Laundry Machinery Co.  
E. WEBSTER HARRISON  
Partner, Harrison & Co.  
CORNELIUS J. HAUCK  
President, The John Hauck Co.  
JOHN B. HOLISTER  
Taft, Stettinius & Hollister, Attorneys  
WALTER E. HUENEFELD  
President, The Huenefeld Co.

LOUIS L. KAUFMAN  
Sec. and Treas., Wm. J. Herbert Realty Co.  
RICHARD E. LeBLOND  
President, The R. K. LeBlond Machine Tool Co.  
WILLIAM L. McGRATH  
President, The Williamson Heater Co.  
WILLIAM H. MOONEY  
President, Cincinnati Development & Mfg. Co.  
EDWARD W. NIPPERT  
Vice President and Trust Officer  
DANIEL J. O'CONNOR  
Chairman of Board, The Formica Company  
GEORGE A. RENTSCHLER  
Chairman of Board, Baldwin-Lima-Hamilton Corp.  
JOHN J. ROWE  
President  
HAROLD T. SIMPSON  
President, Printing Machinery Corp.  
LEONARD S. SMITH, JR.  
President, The National Marking Machine Co.  
CLIFFORD R. WRIGHT  
President, The Cincinnati Equitable Insurance Co.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION—MEMBER FEDERAL RESERVE SYSTEM



## A Typical MEETING OF THE BOARD

Yes, this is a typical meeting of a bank's directors, particularly when they come from a small or medium-sized town. There, the bank president and his directors are almost always close personal friends, and a lot of bank business is discussed away from the Board Room . . . even on a fishing trip.

That only emphasizes the fact that bank directors and officers usually are more than just business associates. Most often, their association is based mainly on *friendship*. In fact, often, a bank director accepts his liability-filled job only because a bank officer friend has asked him to.

This element of friendship was often noted by Robert D. O'Grady, Mellon Bank's Chief Auditor, during his many years as a national bank examiner. And, it started him thinking about the duties and liabilities of directors . . . in a *new* way . . . in terms of the *banker's* responsibility toward the directors, his personal friends.

This new attitude formed the basis for a talk that Mr. O'Grady gave to our Annual Correspondent Bank Conference last year for banks in Pennsylvania, West Virginia and Ohio. Mr. O'Grady said that it is the *banker's responsibility* to protect his directors—his friends—against the liabilities of the job they assume. Then he outlined *specific actions* and a *practical program* “. . . for helping directors in the performance of their duties, and, at the same time, in giving them some protection against the liabilities they have assumed.”

When Mr. O'Grady finished his talk at the conference, there was an immediate and heavy request for copies of his talk. That led us to think that here was another way we could offer our correspondent bank friends service beyond the routine. We had the talk printed as a booklet called *Helping Your Directors*, and we'll be glad to send you a copy on request.

## MELLON NATIONAL BANK AND TRUST COMPANY

PITTSBURGH

CAPITAL \$60,100,000

SURPLUS \$160,000,000

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## Executive Training

(CONTINUED FROM PAGE 72)

During the summer of 1954, five students from the College of Agriculture served as trainees in five New York State banks. The writer and a member of the joint banker-college committee visited each trainee on the job. In every case it was evident that the officers of the bank were doing an excellent job of teaching the trainee across-the-board banking. Each trainee had "sorted some checks" but he had also done a lot of other things.

As a measure of how the trainees were doing, the writer asked the senior executive officer of each bank: "Would you offer the trainee a permanent job when he finishes college provided you had an opening, and is he really earning that \$50 a week you are paying him?" Every answer was "Yes."

Based on the 1954 experiment, another small group of carefully selected Cornell undergraduates are serving as trainees this summer (1955) in carefully selected New York banks. The number of trainees has purposely been kept low during these first two experimental years of the project. Plans are now under way, however, for expanding the program to take in about 15 trainees and an equal number of banks. Also, at the suggestion of several bankers, consideration is being given to opening the program to two or three young women undergraduates in the College of Home Economics at Cornell.

This scene in the bookkeeping department of The Marine Trust Company of Western New York's Albion office shows Trainee Jean F. Rowley, seated, graduate student of Cornell University, learning to operate a machine. Standing, l. to r., Assistant Treasurer Paul H. Bower and Vice-president Wm. J. Curtis. Mr. Rowley's home is in Saratoga Springs, N. Y.



## Australia's Continuing Development

### Industrial.. Commercial and Financial Information

Designed to provide factual information for businessmen this new booklet is now available on request.

111 pages packed with carefully selected facts, graphs, maps, and illustrations, describe the Australian scene, the people, primary and manufacturing industry, power resources, trade, transport and communications, private and public finance, and the social pattern.



## A. N. Z. BANK

AUSTRALIA AND NEW ZEALAND  
BANK LIMITED

Overseas Department:  
394 COLLINS STREET, MELBOURNE

Over 800 Branches and Agencies throughout Australia and New Zealand, in Fiji, New Guinea and Papua, and in London. Agents throughout the world.

### for "Plus Profits" in '55

USE  
CENTRAL NATIONAL'S

BIG "5"

1. An easy-to-use, tested direct mail plan with a proven record of increasing credit life, accident and health insurance sales by as much as 30%.

2. A renewal plan for your expirations — with a proven record of developing a high percentage of renewals—plus a six-month renewal certificate at 50% of manual rate.

3. A new Merit Rating Plan for automobile coverage . . . with discounts for safe driving.

4. A new field of profitable expansion for instalment fi-

nancing companies . . . a packaged sales plan for ordinary life insurance . . . designed for easy operation and quick sales.

5. A personalized Training Program by Central National specialists who work on the spot with your personnel.

For more information, without obligation, and a new booklet explaining how Central National can help you increase profits, write today to J. Earl Thompson, vice president.



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1805 Harney St.

Omaha, Nebr.

## News for Country Bankers

(CONTINUED FROM PAGE 66)

life insurance protection, according to the Institute of Life Insurance. A 1954 survey of life insurance ownership among American families disclosed that farm families pay an average of \$160 in life insurance premiums where in 1950 their average was only \$110. This impressive increase indicates greater use of life insurance by farmers to give their families financial protection.

## Irrigation at Field Day

**M**ORE than 360 farmers, bankers, and businessmen from 14 counties in Georgia and South Carolina recently attended an irrigation field day held on the Robert Wood Farm near Evans, Ga.

This program was sponsored by the Georgia Railroad Bank and Trust Company, Atlanta, in cooperation with the Little River Soil Conservation District and the Extension Service.

J. W. Fanning, associate director, Georgia Center of Continuing Edu-

cation of Athens, said that irrigation will necessitate complete and vastly improved farming methods. Irrigation, he said, will prove profitable only on crops that yield the highest per acre income, for if irrigation is used, the crop production will be more per acre. He added that if the farmer produced more and better crops, he also must develop the best possible plans for marketing the crops to the best advantage. He also said that the irrigation systems must be made to serve as many acres as possible.

Frank T. Ritchie, state soil scientist of the Soil Conservation Service, spoke on "Soil Management Problems in Irrigation," and L. D. Worley, agricultural engineer of the SCS, spoke on "Planning an Efficient Irrigation Program."

Other speakers were W. R. Tye, Columbia County farm agent, who gave a brief outline of the truck crop practices on the Wood farm; Jack E. Eubanks, chairman of the board of supervisors, Little River Soil Conservation District, who welcomed the visitors; and Charles B. Presley, manager, agricultural department, Georgia Railroad Bank & Trust Co., who presided over the program and introduced the speakers. J. C. Grimaud, manager of the truck farm, spoke briefly on his program.

Following the speaking program, a demonstration of irrigation systems was given by a local irrigation company.

(CONTINUED ON PAGE 124)

## THE FORT WORTH NATIONAL BANK

FORT WORTH, TEXAS

\*

STATEMENT OF CONDITION, CLOSE OF BUSINESS  
JUNE 30, 1955

### RESOURCES

CASH AND DUE FROM BANKS.....	\$ 85,420,756.75
UNITED STATES GOVERNMENT SECURITIES.....	60,369,517.92
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS.....	11,095,074.30
OTHER BONDS, NOTES AND DEBENTURES.....	1,246,556.82
STOCK FEDERAL RESERVE BANK.....	420,000.00
LOANS AND DISCOUNTS.....	111,017,927.14
INCOME EARNED—UNCOLLECTED.....	700,838.08
BANKING HOUSE AND GARAGE PROPERTY.....	3,862,000.00
FURNITURE AND FIXTURES.....	1.00
OTHER REAL ESTATE.....	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT.....	1,221,441.43
OTHER RESOURCES.....	25,747.70
TOTAL.....	\$275,379,862.14

\*

### LIABILITIES

CAPITAL ACCOUNT:	
COMMON STOCK .....	\$ 7,000,000.00
SURPLUS .....	7,000,000.00
UNDIVIDED PROFITS .....	1,260,388.78
RESERVE FOR CONTINGENCIES.....	\$ 15,260,388.78
RESERVE—TAXES, INTEREST, EXPENSE, ETC.....	1,911,332.86
LETTERS OF CREDIT ISSUED.....	1,438,694.96
INCOME COLLECTED—UNEARNED.....	1,221,441.43
OTHER LIABILITIES .....	1,259,190.41
DEPOSITS:	2,142.60
INDIVIDUAL .....	\$185,730,322.25
BANK .....	51,754,201.37
U. S. GOVERNMENT.....	6,828,974.42
OTHER PUBLIC FUNDS.....	9,973,173.06
TOTAL .....	254,286,671.10
	\$275,379,862.14

U. S. Government and other securities carried at \$44,327,838.61 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Between 1,100 and 1,200 cups of milk were served from this milk bar in the lobby of The First National Bank of Mount Vernon, Wash., during the bank's recognition of Dairy Month. Left to right, Vice-president H. A. Moldstad; Phil Cornelius, general manager, Skagit County Dairymen's Association; and Glenda Fulton, bank hostess





# The FIRST NATIONAL CITY BANK of New York



Head Office: 55 Wall Street, New York

73 Branches in Greater New York

59 Branches Overseas

## Statement of Condition as of June 30, 1955

### ASSETS

CASH, GOLD AND DUE FROM BANKS . . . . .	\$1,629,936,191
UNITED STATES GOVERNMENT OBLIGATIONS . . . . .	1,719,056,990
OBLIGATIONS OF OTHER FEDERAL AGENCIES . . . . .	45,738,966
STATE AND MUNICIPAL SECURITIES . . . . .	553,358,984
OTHER SECURITIES . . . . .	127,201,545
LOANS AND DISCOUNTS . . . . .	2,641,050,349
REAL ESTATE LOANS AND SECURITIES . . . . .	32,923,095
CUSTOMERS' LIABILITY FOR ACCEPTANCES . . . . .	42,928,170
STOCK IN FEDERAL RESERVE BANK . . . . .	15,000,000
OWNERSHIP OF INTERNATIONAL BANKING CORPORATION . . . . .	7,000,000
BANK PREMISES . . . . .	33,068,518
ITEMS IN TRANSIT WITH BRANCHES . . . . .	304,043
OTHER ASSETS . . . . .	8,421,608
<b>Total</b> . . . . .	<b>\$6,855,988,459</b>

### LIABILITIES

DEPOSITS . . . . .	\$6,174,785,823
LIABILITY ON ACCEPTANCES AND BILLS . . . . .	\$ 72,008,716
LESS: OWN ACCEPTANCES IN PORTFOLIO . . . . .	27,623,018
44,385,698	
DUE TO FOREIGN CENTRAL BANKS . . . . .	19,193,300
(In Foreign Currencies)	
RESERVES FOR:	
UNEARNED DISCOUNT AND OTHER UNEARNED INCOME . . . . .	22,884,890
PAYMENTS UNDER AGREEMENT OF MERGER DATED MARCH 1, 1955 . . . . .	1,641,200
INTEREST, TAXES, OTHER ACCRUED EXPENSES, ETC. . . . .	31,519,148
DIVIDEND . . . . .	5,500,000
CAPITAL . . . . .	\$200,000,000
(10,000,000 Shares—\$20 Par)	
SURPLUS . . . . .	300,000,000
UNDIVIDED PROFITS . . . . .	56,078,400
<b>Total</b> . . . . .	<b>\$6,855,988,459</b>

Figures of Overseas Branches are as of June 25.

\$561,131,943 of United States Government Obligations and \$20,712,000 of other assets are pledged to secure Public and Trust Deposits and for other purposes required or permitted by law.

Member Federal Deposit Insurance Corporation

Affiliate of The First National City Bank of New York for separate administration of trust functions

### CITY BANK FARMERS TRUST COMPANY

Head Office: 22 William Street, New York

Capital Funds \$32,321,580

### DIRECTORS

STANLEY C. ALLYN  
President, The National Cash Register Company

GEORGE F. BAKER, JR.  
Trustee, George F. Baker Trust

SOSTHENES BEHN  
Chairman, International Telephone and Telegraph Corporation

PERCY CHUBB, 2nd  
Partner, Chubb & Son

CLEVELAND E. DODGE  
Vice-President, Phelps Dodge Corporation

R. GWIN FOLLIS  
Chairman of the Board, Standard Oil Company of California

DE WITT A. FORWARD  
Senior Vice-President

ROY H. GLOVER  
Chairman of the Board, The Anaconda Company

JOSEPH P. GRACE, JR.  
President, W. R. Grace & Co.

GEORGE A. GUERDAN  
Vice-President and Cashier

HARRY C. HAGERTY  
Financial Vice-President, Metropolitan Life Insurance Company

AMORY HOUGHTON  
Chairman of the Board, Corning Glass Works

KEITH S. McHUGH  
President, New York Telephone Company

ROGER MILLIKEN  
President, Deering, Milliken & Co., Incorporated

EDWARD S. MOORE, JR.  
Executive Vice-President, National Biscuit Company

CHARLES G. MORTIMER  
President, General Foods Corporation

ALEXANDER C. NAGLE  
Chairman of the Executive Committee

CHARLES C. PARLIN  
Shearman & Sterling & Wright

RICHARD S. PERKINS  
Vice-Chairman of the Board

FREDERICK B. RENTSCHLER  
Chairman, United Aircraft Corporation

JAMES S. ROCKEFELLER  
President

HOWARD C. SHEPHERD  
Chairman of the Board

WILLIAM C. STOLK  
President, American Can Company

REGINALD B. TAYLOR  
Williamsville, New York

ROBERT WINTHROP  
Robert Winthrop & Co.

### SENIOR MANAGEMENT

HOWARD C. SHEPHERD  
Chairman of the Board

ALEXANDER C. NAGLE  
Chairman of the Executive Committee

JAMES S. ROCKEFELLER  
President

RICHARD S. PERKINS  
Vice-Chairman of the Board

DeWITT A. FORWARD  
Senior Vice-President

GRANT KEHN  
Executive Vice-President

J. HOWARD LAERI  
Executive Vice-President

GEORGE S. MOORE  
Executive Vice-President

LEO N. SHAW  
Executive Vice-President and Manager Overseas Division

ALAN H. TEMPLE  
Executive Vice-President

GEORGE A. GUERDAN  
Vice-President and Cashier

RALPH H. THOMSON  
Comptroller

## News for Country Bankers

(CONTINUED FROM PAGE 122)

A barbecue lunch was served at the conclusion of the meeting, which was attended by a number of bankers, including Georgia Railroad Bank Vice-presidents R. A. Blanchard, O. W. Pope, and Felton Dunaway.

### NYSBA Farmer Relations

THE farmer relations activities of the Agricultural Committee of the New York State Bankers Association, as reported by Chairman Henry A. Bunn, assistant cashier, The Wilber National Bank of Oneonta, include the following projects:

- (1) Two scholarships for FFA Empire farmers to attend our Bankers School of Agriculture each summer.
- (2) Purchase and distribution of some 30,000 4-H achievement pins.
- (3) The development of a summer college placement program.
- (4) Scholarships to a worthy 4-H



Jonathan E. Eno, Jr., vice-president and treasurer, Simsbury (Conn.) Bank & Trust Co., examines a 4-month-old Barred Rock pullet during a visit to a poultry farm while New London County Agricultural Agent W. Stanley Hale looks on. Mr. Eno is chairman of the CBA's agricultural committee

boy and girl to attend the New York State Colleges of Agriculture and Home Economics.

(5) Cooperation with the association's Educational Foundation in its vast radio and TV programs throughout the state.

(6) Development of a manual or teaching guide for use in New York

vocational agricultural high school departments. The manual which describes the organization and operation of a commercial bank will be field tested this fall.

### Farm Automation Story

A FIVE-PAGE feature — "Automation on the Farm"—appeared in the July 5 issue of *Time*. There were four pages of colored pictures of farm machinery.

### Bankers' Poultry Workshop

THE poultry business held the center of the stage at this year's annual farm credit workshop conducted by the Connecticut Bankers Association in cooperation with the Extension Service and the College of Agriculture.

Two poultry farms were visited in the forenoon and the afternoon was devoted to a classroom analysis of the farms and credit problems. The day's program came to a conclusion with a dinner, at which State Commissioner of Agriculture Joseph N. Gill, himself a poultryman, spoke.

# FREE! →

To subscribers of **BANKING Magazine**

## Index to Volume XLVII

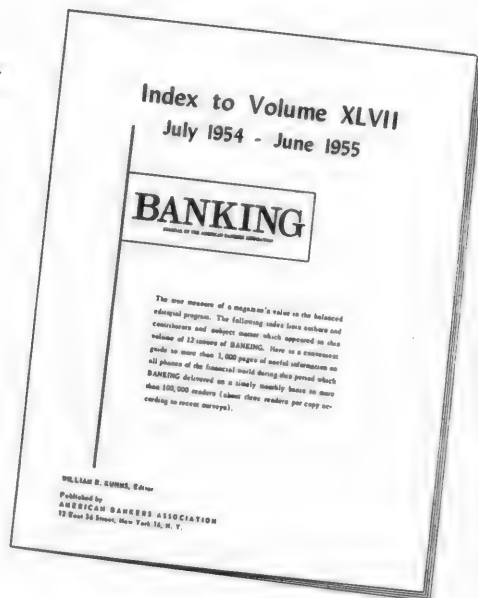
July 1954 - June 1955

Are you making the *most* of your copies of **BANKING Magazine**?

Here's an easy way to do it—simply write for a free copy of **BANKING'S Index to Volume 47**. Then bind the Index with the 12 copies of **BANKING** received by you starting with July 1954.

The Index covers these 12 monthly issues. For handy reference purposes it contains an alphabetical listing of author-contributors. Titles of articles and departments are indicated by subject, dates of issue, and page numbers.

Each single copy of **BANKING** is a reservoir of ideas and timely news on developments in banking and finance, Government and business—at home and abroad. Every bank officer should read it—it deserves a place in every bank's reference library.



Write for free copy of Index

**BANKING Magazine**

AMERICAN BANKERS ASSOCIATION

12 East 36 Street  
New York 16, N. Y.



This Dairy Month display in the lobby of the Farmers State Bank of the State of Delaware, Dover, aroused great interest. The "grass" cow in the right foreground was furnished by Allis Chalmers

## Cattle Price Outlook Good

PRICES of better fed cattle are working into a seasonally stronger position, writes H. M. Conway in the July issue of *National Live Stock Producer*.

Cattle prices will be further supported by increased consumer demand for beef, asserts the economist. He urges cattle raisers and feeders to take full advantage of the high summer market and then plan to "hedge" their fall and winter programs.

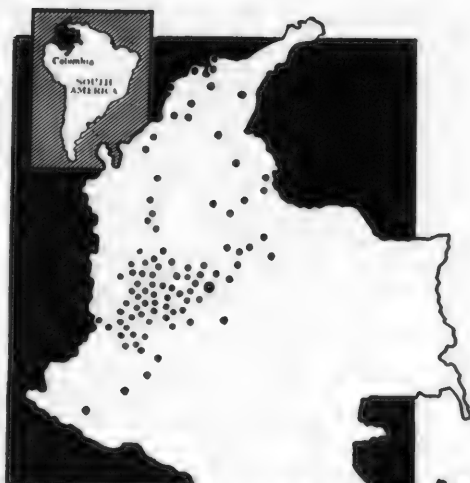
He reasons that national prosperity will hit its peak this summer but momentum will carry "good times" into the fall months. Then he urges all live stock producers to review the situation with a note of caution for the next 12 months.

The hog market will also be in its seasonally highest position in early summer. The tendency is to market hogs earlier and at lighter weights throughout the nation and especially in the Corn Belt states.

## Equipment Financing Study

AGRICULTURAL EQUIPMENT FINANCING. By Dr. Howard G. Diesslin, associate director, Farm Foundation, Chicago. National Bureau of Economic Research, Inc., New York, N. Y. 95 pp. \$1.25.

This survey was completed as part of the agricultural finance project of the Bureau's financial research program, under a cooperative arrangement with the Agricultural Experiment Station at Purdue University. Grants of funds from Association of Reserve City Bankers, life insurance groups, and Rockefeller Foundation made it possible.



*Efficient Services  
in Colombia through*

## BANCO DE BOGOTA

Oldest established and largest Bank in Colombia  
MARTIN DEL CORRAL, PRESIDENT

- Special attention to collections
- Accurate and dependable credit information service

### TOTAL ASSETS:

More than \$475 Million Pesos  
(Approximately US. \$190,000,000)

### TOTAL COLOMBIAN FOREIGN BUSINESS:



94 BRANCHES

	Imports	Exports
1953:	US. \$ 488.661.051	US. \$ 531.452.635
1954:	US. \$ 650.626.000	US. \$ 656.359.000

## BANCO DE BOGOTA

ESTABLISHED 1870 • BOGOTA, COLOMBIA S. A.

Scudder  
Stevens  
& Clark  
Fund, Inc.



ESTABLISHED  
IN 1928

### Prospectus on request:

10 Post Office Square  
Boston 9, Massachusetts

One Wall Street  
New York 5, New York

117 South 17th Street  
Philadelphia 3, Pa.

8 So. Michigan Avenue  
Chicago 3, Illinois

# Public Relations

(CONTINUED FROM PAGE 46)

like to do business with successful people like you. I hope you'll stop in and see me next time you're in the neighborhood."

Mr. Maclean, whose theme was "Every Bank Employee a Salesman," said that staffers must be shown "how to apply the power at the point of sale so that the prospect is transformed into a bank customer." The customer must be asked for the business.

## Displays of Local Scenes

**P**AINTINGS of local scenes are being used as lobby displays by the FIRST NATIONAL BANK OF MANSFIELD, O.

Prepared by a local artist, the exhibit features a new picture each month. One was a rural church, and the minister told his congregation about it.

Attached to each picture is this comment: "The American Scene. This is an original painting of a part of your county, painted on the scene by a recognized Ohio artist. This exhibit, sponsored by your bank, is intended to stimulate an awareness of local and personal relations to America and to art."

A description of the painting is appended.

"We have attempted to use local scenes in our advertising program," writes W. A. Stroud, manager of the bank's advertising department, "and at present have color photographs of well known local scenes on our calendars and blotters."



One of the local scene paintings displayed at the First National Bank of Mansfield, O.

## Progress Report

**"O**UR Postwar Progress for Better Community Service" is the title of a brochure issued by THE UNION MARKET NATIONAL BANK of Watertown, Mass., for distribution in its area.

Reporting completion of a nine-year postwar modernization and expansion program, the booklet offers pictures of the main office and branch interiors and exteriors, the directors and officers, and staff groups. The latter are presented as "your friends and neighbors who work at Union Market."

One page is devoted to brief items reflecting the bank's growth since the war.

## Staff "Incentive Programs" for New Business

**S**UGGESTIONS for employee "incentive programs"—new business contests, with prizes—were offered to the New York Financial Advertisers by John W. Fulmer, promotion director of Belnap & Thompson.

Merchandise has many advantages over cash as a reward, Mr. Fulmer said. It's tangible, has more showmanship, stimulates a want, remains in use as a reminder of the giver. Also, goods can be bought at a discount; you get more for your money.

The incentive program must be carefully planned and implemented.

1. Have an objective: a number of new accounts or deposit dollars. Your goal should be reachable—not too ambitious, but well beyond the current level of business.

2. Have a theme around which to build your program.

3. Make the payoff—the reward—fit the push and the effort the employees will put into the campaign. If the prize is too small you'll be called a "cheap skate."

4. Give the campaign a good kickoff. Announce the objective, the theme. Tell the staff what the prizes are and how they can be won. Give them reasons for the campaign. Give them some sales hints and techniques.

5. See that interest is maintained. Admittedly, this is difficult, but a good theme will help.

## Promoting Area Growth

**C**OMMERCE TRUST COMPANY of Kansas City, Mo., has a new publication designed to interest corporation executives in that community.

"Up to Date in Kansas City" is an accordion folder that will be issued monthly and sent to companies which may be contemplating an expansion or decentralization of activities. It reports briefly on happenings that reflect the area's prosperity: for example, airport expansion, new hotel unit, new construction for industrial purposes, department store sales, bank debits.

"We are constantly striving to

(CONTINUED ON PAGE 128)



At the 50th anniversary open house of the Twin Falls (Ida.) Bank & Trust Co., staff and directors wore 1905 costumes. More than 5,000 people attended the birthday party.



# Society for Savings

IN THE CITY OF CLEVELAND

Founded 1849

## TRUSTEES

**Warren Bicknell, Jr.**  
President, The Cleveland Construction Company

**Robert F. Black**  
President, The White Motor Company

**Charles B. Bolton**  
President, Payne-Bingham Company

**Frank M. Cobb**  
Director,  
The Cleveland Electric Illuminating Company

**T. J. Conway**  
President, The Fisher Brothers Company

**Thomas Coughlin**  
Director, The Murray Ohio Manufacturing Company

**Frederick C. Crawford**  
Chairman of the Board, Thompson Products, Inc.

**Ernest C. Dempsey**  
Attorney, Squire, Sanders & Dempsey

**Mervin B. France**  
President

**Frank C. Lewman**  
Director  
The Richman Brothers Company

**James L. Myers**  
Chairman of the Board and President,  
Clevite Corporation

**Laurence H. Norton**  
Director, The Columbia Transportation Company

**Drake T. Perry**  
Secretary, The Harshaw Chemical Company

**Ralph S. Schmitt**  
Vice President and Secretary,  
The Cleveland Twist Drill Company

**Henry S. Sherman**  
Chairman of the Board

**Clarence M. Taylor**  
Trustee, The Cleveland Clinic Foundation

**John S. Wilbur**  
Vice President, The Cleveland-Cliffs Iron Company

**Arthur P. Williamson**  
President, The Dill Manufacturing Company

## STATEMENT OF CONDITION

June 30, 1955

### RESOURCES

Cash on Hand and Due from Banks . . . . .	\$ 23,165,215.72
United States Government Obligations. . . . .	123,423,155.38
(Including \$18,900,000.00 as Lawful Reserve)	
Other Investments . . . . .	31,930,195.82
First Mortgage Loans on Real Estate . . . . .	128,973,904.89
Other Loans and Discounts. . . . .	62,683,327.50
Bank Premises . . . . .	2,037,036.26
Interest Accrued and Other Assets. . . . .	2,057,086.73
Total . . . . .	\$ 374,269,922.30

### LIABILITIES

Surplus. . . . .	\$ 20,000,000.00
Reserve for Contingencies . . . . .	482,297.80
Reserve for Taxes and Expenses . . . . .	1,608,698.33
Savings Deposits . . . . .	311,341,884.54
Other Deposits . . . . .	33,949,632.55
Deferred Credits and Other Liabilities . . . . .	6,887,409.08
Total . . . . .	\$ 374,269,922.30

United States Government Obligations carried at \$13,735,000.00 are pledged to secure Public and Other Deposits as required or permitted by law.



NOW AT 9 CONVENIENT LOCATIONS  
THROUGHOUT GREATER CLEVELAND

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 126)

bring desirable new business and industry into Kansas City," says E. J. Flinn, vice-president of Commerce Trust, "having long felt that the future growth of the bank is tied directly to the growth and prosperity of our metropolitan area."

## Know-Your-Bank Contest

IN connection with "Know Your Bank Week" in Delaware, EQUITABLE SECURITY TRUST COMPANY of Wilmington had a contest that stimulated considerable interest.

During its open house one evening the bank posted a question on each of six floors of its main office. Visitors, competing for U. S. Savings Bond prizes, offered their answers on cards.

The questions concerned facts about the bank, and winners, of course, were those whose estimates came closest.

## Staff Studies Human Relations

A CLASS in human relations for contact employees of ELYRIA

(O.) SAVINGS AND TRUST COMPANY had 10 weekly evening meetings to study methods of dealing with the public.

Class sessions included impromptu speeches, discussions, analysis of real and imaginary problems, self-criticism, and criticism by others. A customer relations and speech expert directed the course, which was the idea of the bank's manager-secretary, William H. Gaston.

## In Brief

### Correspondent Meeting Newspaper

A four-page, full-size newspaper was issued by STATE-PLANTERS BANK & TRUST COMPANY of Richmond, Va., in connection with the four one-day conferences for correspondent bankers. Condensations of papers read by the bank's officers, and pictures of the various sessions, were featured.

### Columbia Basin Brochure

The Columbia Basin Project is extensively reported in a brochure published by SEATTLE-FIRST NATIONAL BANK. It includes a summary of Pacific Northwest industries and many charts and pictures.

### Charter Member Depositors

First depositors in the new BANK OF LOS ANGELES received certificates attesting that they were "charter member" depositors because they opened accounts during the formal opening.

### Bank Sponsors Industry Tour

TRADE BANK AND TRUST COMPANY, New York City, sponsored a tour of the city's garment industry by a group of students at Skidmore College, Saratoga Springs. The girls, enrolled in the business department, visited a large manufacturer's showrooms, the offices of the International Ladies Garment Workers Union, and a department store. They also visited the bank.

### Products Display

THE FIRST NATIONAL BANK OF ST. PAUL dramatized the Minnesota Mining and Manufacturing Company in an exhibit that occupied the main banking floor, taking the visitor through a series of mechanical displays that told the story of the company's growth and products.

## CONDENSED

# statement of condition

AT CLOSE OF BUSINESS JUNE 30, 1955

### RESOURCES

Cash and Due from Banks . . . . .	\$106,809,921.96
United States Government Securities . . . . .	178,502,306.78
Obligations of Other Federal Agencies . . . . .	6,418,125.00
State, County and Municipal Bonds . . . . .	16,470,981.57
Loans and Discounts . . . . .	131,433,009.48
Federal Reserve Bank Stock . . . . .	660,000.00
Stock in Commercial Fireproof Building Co. — Head Office Building . . . . .	348,500.00
Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults . . . . .	4,274,149.16
Other Real Estate Owned . . . . .	1.00
Customers' Liability under Letters of Credit and Acceptances . . . . .	1,334,288.36
Earned Interest Receivable . . . . .	1,636,102.43
Other Resources . . . . .	378,389.72
<b>TOTAL . . . . .</b>	<b>\$448,265,775.46</b>

### LIABILITIES

Capital Stock . . . . .	\$ 7,000,000.00
Surplus . . . . .	15,000,000.00
Undivided Profits . . . . .	5,510,090.37
<b>Reserves for Interest, Taxes and Expenses . . . . .</b>	<b>\$ 27,510,090.37</b>
Discount Collected — Unearned . . . . .	1,682,144.64
Letters of Credit and Acceptances . . . . .	1,823,599.40
Other Liabilities . . . . .	1,334,288.36
Deposits . . . . .	694,063.79
<b>TOTAL . . . . .</b>	<b>\$448,265,775.46</b>

Head Office: Fifth & Spring Streets, Los Angeles  
Hill Street Office: 736 So. Hill Street  
Subway Terminal Office: 439 So. Hill Street  
39 conveniently located branch offices in the greater Los Angeles area

### DIRECTORS

HERBERT D. IVEY  
*Chairman of the Board*

ROY A. BRITT  
*President*

CARL E. BAKER  
MILO W. BEKINS  
W. J. BOYLE

WALTER H. BUTLER  
RALPH J. CHANDLER  
EUGENE P. CLARK  
DWIGHT L. CLARKE

T. B. COSGROVE  
A. M. DUNN  
ERNEST E. DUQUE

L. O. IVEY  
EARLE M. JORGENSEN  
KENNETH T. NORRIS

GEORGE A. PARKER  
SAMUEL K. RINDGE  
WILLIAM S. ROSECRANS  
W. A. SIMPSON

RON STEVER  
KENNETH B. WILSON

OUR  
65<sup>th</sup>  
YEAR  
1890-1955

**CITIZENS NATIONAL**  
TRUST AND SAVINGS  
**BANK**  
OF LOS ANGELES

Member Federal Reserve System  
Member Federal Deposit Insurance Corporation

**Remington Rand**

## BETTER BUSINESS METHODS

For Greater Profits  
Through Lower Costs

### Modern Efficient Stock Counter Units Offer The Prestige Of Custom-Made Appearance



Boulevard Branch of Marine Trust Company of Western New York

Banks everywhere are benefiting from the low cost, yet unsurpassed appearance and convenience, of Remington Rand Stock Counter Units. Not only are they flexible in fitting perfectly into whatever your plans are for current needs...they can also be lengthened or rearranged to handle future growth without costly, inconvenient remodeling.

The working side of the counter is scientifically designed to

provide the greatest efficiency and comfort for the tellers. There is ample provision for storing rolls of coin and tellers' forms and supplies. Standard sections are available for window posting machines.

Improved depositor relations follow naturally from the open friendly appearance of a counter made up of these units. Get illustrated 16-page booklet — circle X1440.

### Signatures Change Every 5 Years! Have You This Needed Protection?

Remington Rand now offers a signature card system that affords you more protection, accuracy and over-all efficiency...complete with the collection contract on the reverse side of every card. This system also gives you a typed, audited card for mailing to the customer...stamped return envelope...

...and letter telling your depositor why you should have his correct latest signature. Banks now using this system report a return of up to 90%...and the system provides a followup on the other 10%. Send for FREE samples of these signature cards today — circle SP-KD4326.

### Do You Have Certified Fire Protection For Your Savings Ledgers And Signature Cards?

This Remington Rand Safe-Ledger Desk gives you *certified* 2-hour protection right at the point-of-use. Its perfectly counterbalanced cover can be closed with ease in 2 seconds. Almost half of all business fires occur during working hours when records are in use! Why continue to risk these vital records in a possible flash fire...when they can be securely protected in compact, space-saving units within arms reach of your tellers. This new 2-hour Safe-Ledger Desk is available in several combinations to meet your specific needs.



For complete illustrated folder — circle SC744 on the coupon.

**Remington Rand**

DIVISION OF SPERRY RAND CORPORATION

Room 1815, 315 Fourth Ave., New York 10

Kindly send literature circled:

X1440 SP-KD4326 SC744

Name \_\_\_\_\_

Title \_\_\_\_\_

Bank \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_ B-21

— Profit-Building IDEAS For Business —

# Send direct . . .

**convert  
to cash  
quickly!**

Commerce Trust offers you more direct sending points than any other commercial bank in the United States. Collection time-savings from one to three days can prove profitable to your operation. Join the more than 1500 correspondent banks who are sending direct through Commerce Trust, the "Transit Crossroads of the Nation."

**Commerce Trust Company**

*Capital Funds Exceed \$2 Million Dollars*  
KANSAS CITY'S OLDEST AND LARGEST BANK  
Established 1865 MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



## Operating Procedures

(CONTINUED FROM PAGE 43)

places. Elimination of duplication will reduce paper work.

"Once a program is established, certain records can be classified automatically for the proper retention period. However, with changing methods and the introduction of new services, new types of records are constantly being created. Each should be classified for the retention program *when it is created*, and not five years later when it has become a storage problem."

Each bank should analyze its own retention requirements. Adopting the practices of comparable banks is not sufficient.

These major points will contribute to a satisfactory program:

- (1) Determine the bank's legal responsibilities for record retention.
- (2) Delegate authority to a staff member for development of a broad program controlling preparation of records, retention, and destruction.
- (3) Utilize equipment that will protect retained records and also permit orderly arrangement and easy access.

## Missouri Service Charges

A SURVEY by the Bank Management Committee of the Missouri Bankers Association shows that 94.8% of the 172 reporting banks are making service charges on checking accounts. Fifty percent are using some form of account analysis. Also, 27.9% are offering special or pay-as-you-go checking services to their customers.

The survey, made by William L. Gregory, president of the Easton-Taylor Trust Company, St. Louis, says that many smaller banks have chosen to use the Simplified Service Charge Plan recommended by the A.B.A. Country Bank Operations Commission in several studies and again in the recent booklet, "A Complete Service Charge Program for Smaller Banks."

"We suggest that you make the A.B.A. booklet the basis for your service charge operation," says the committee in reporting the results of the survey. "Your committee heartily endorses the simplified service charge plan contained therein since this form of analysis is ideally suited for banks that wish to install



**CANADA'S FIRST BANK**  
COAST-TO-COAST

**BANK OF MONTREAL**

New York--64 Wall Street San Francisco--333 California Street  
Chicago: Special Representative's Office, 141 West Jackson Blvd.

625 BRANCHES ACROSS CANADA • RESOURCES EXCEED \$2,500,000,000





a service charge plan that is equitable to both the customer and the bank, and convenient for both. This simplified plan takes into consideration: (1) a maintenance factor; (2) the same per item rate for ledger entries including 'on us' checks paid, deposits made, and out of town items in deposits; and (3) an earnings credit or allowance based on the *minimum* monthly balance."

The report says that if special checking accounts can be obtained in sufficient volume they can be profitable, provided the charge covers all the handling costs. It notes that A.B.A. studies indicate the average cost per special check is more than 10 cents.

### Consider Rising Costs

"Through the last several years," the committee observes, "competent banks and bank organizations over the country have made cost analyses which indicate that the banks' underlying expenses have been increasing steadily and that service charges should be adjusted to keep pace with this increase. Cost analysis plans are available which may be used in a practical way in any bank, and it is hoped that all banks will consider these rising costs when laying out service charge programs.

"If your bank does not make its own analysis of the cost involved in handling checking accounts, it is strongly suggested that you study the other cost analyses and cost surveys applicable to your size bank."

"One million dollars? Will fives be okay?"



# Guaranty Trust Company of New York

140 BROADWAY

FIFTH AVE. AT 44th ST.

MADISON AVE. AT 60th ST.

LONDON † PARIS

40 ROCKEFELLER PLAZA

BRUSSELS

## Condensed Statement of Condition, June 30, 1955

### RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers . . . . .	\$ 603,084,328.66
U. S. Government Obligations . . . . .	784,031,184.43
Loans and Bills Purchased . . . . .	1,408,320,979.50
Public Securities . . . . .	\$ 49,638,560.60
Stock of Federal Reserve Bank . . . . .	9,000,000.00
Other Securities and Obligations . . . . .	64,378,860.11
Credits Granted on Acceptances . . . . .	23,918,292.93
Accrued Interest and Accounts Receivable . . . . .	34,025,122.96
Real Estate Bonds and Mortgages . . . . .	21,368,782.59
Bank Premises . . . . .	4,950,364.87
<b>Total Resources . . . . .</b>	<b>\$3,002,716,476.65</b>

### LIABILITIES

Capital (5,000,000 shares - \$20 par) . . . . .	\$100,000,000.00
Surplus Fund . . . . .	200,000,000.00
Undivided Profits . . . . .	104,867,943.89
<b>Total Capital Funds . . . . .</b>	<b>\$ 404,867,943.89</b>
Deposits . . . . .	2,521,874,340.65
Foreign Funds Borrowed . . . . .	150,000.00
Acceptances . . . . .	\$ 26,773,287.65
Less: Own Acceptances Held for Investment . . . . .	1,793,012.16
<b>Dividend Payable July 15, 1955 . . . . .</b>	<b>\$ 24,980,275.49</b>
Items in Transit with Foreign Branches . . . . .	1,878,182.54
Reserve for Expenses and Taxes . . . . .	17,783,461.82
Other Liabilities . . . . .	27,182,272.26
<b>Total Liabilities . . . . .</b>	<b>\$3,002,716,476.65</b>

Securities carried at \$204,835,029.16 in the above statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

J. LUTHER CLEVELAND  
Chairman of the Board

WILLIAM L. KLEITZ  
President

THOMAS P. JERMAN  
Vice-President

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Vice-President

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CHARLES P. COOPER *President, The Presbyterian Hospital in the City of New York*  
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EUGENE W. STETSON *Chairman, Executive Committee, Illinois Central Railroad Company*  
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ROBERT W. WOODRUFF *Chairman, Finance Committee, The Coca-Cola Company*

Member Federal Deposit Insurance Corporation

## Bank Hours

(CONTINUED FROM PAGE 58)

popular night was amply demonstrated in the answers to BANKING's questionnaire. Both individual banks and clearing houses indicated general satisfaction with this night. The Duluth (Minnesota) National Bank provided some interesting sidelights: "You might be interested in knowing that apparently we are doing a good job in taking care of our people on Fridays since we have had no adverse comment in any way

from any of our customers, whether individuals or business houses.... In our bank our count of lobby traffic amounted to about 700 people on a normal weekday as against 1,700 people on Friday. Of these 1,700 on Friday more than 900 were waited on between 2 P.M. and 6 P.M.

Confirmation of this popularity comes even from a southern city, the Charlotte (North Carolina) Clearing House: "We have found that Friday afternoon banking hours have been well received by the public and that this Friday... banking is increasing."

Banks that have not yet succumbed to Saturday closing are aware of the changing times, and the pros and cons are often discussed. Clinton, Iowa, now a predominantly industrial center on the Mississippi, is typical. Writes a bank officer: "Just recently one of the chain stores has announced keeping open Friday nights. Nearly all the supermarkets, and these are also chains, stay open every night in the week. There are some reports about other stores making announcements in the near future for staying open one or more nights during the week. Though I am quite willing to admit that our banking hours are short, I rather question any benefit to us in lengthening them, except perhaps at some time we may have to stay open on Monday or Friday night. A great lot of paychecks are cashed at the supermarkets and taverns and, while we think it would be a good thing for the holders of these checks to come to our bank and perhaps leave some of the funds on deposit, I am not so sure that we can change present habits."

### "Banks Are Happy"

San Jose, California, finds that, "since the advent of the Saturday closing, all member banks have adjusted their hours for the convenience of their customers. Bank services Monday through Thursday are from 10 A.M. to 3 P.M., and from 10 A.M. to 6 P.M. on Friday. This program has worked out to the mutual satisfaction of both the public and the banks." All 15 Fort Worth, Texas, banks are open from 9 A.M. to 2 P.M., Monday through Friday, and then reopen on Friday afternoons from 4 P.M. until 6 P.M. All these banks are closed Saturday. The Saturday closing has been in effect a very short time; however, it has been well received by the general public and "all the banks are happy with the above arrangements."

It is probably safe to say that across the nation an increasing number of banks are finding it popular and profitable to remain open one evening (or late afternoon) a week. And in almost every instance evening hours mean Saturday closing, or, perhaps more accurately, the decision to close on Saturday makes "bank night" inevitable.

ESTHER I. PERSSON



#### CONDENSED STATEMENT OF CONDITION, JUNE 30, 1955

##### ASSETS

Cash on Hand and in Banks . . . . .	\$ 198,754,108.15
United States Government Securities . . . . .	498,310,253.98
State, Municipal and Other Securities, including Stock of the Federal Reserve Bank . . . . .	128,320,497.56
Loans and Discounts . . . . .	559,748,158.91
Bank Premises . . . . .	3,065,140.44
Other Real Estate . . . . .	1.00
Other Assets . . . . .	5,710,097.17
Customers' Liability on Acceptances . . . . .	583.78
	<b>\$1,393,908,840.99</b>

##### LIABILITIES

Capital Stock . . . . .	\$ 17,500,000.00
Surplus . . . . .	52,500,000.00
Undivided Profits . . . . .	12,484,075.97
	<b>Capital Funds \$ 82,484,075.97</b>

##### DEPOSITS

Commercial and Savings . . . . .	\$1,265,922,626.56
Estates and Corporate Trust . . . . .	34,241,057.43
	<b>1,300,163,683.99</b>
Accrued Taxes, Interest, etc. . . . .	7,364,195.94
Other Liabilities . . . . .	3,896,301.31
Acceptances Executed for Customers . . . . .	583.78
	<b>\$1,393,908,840.99</b>

United States Government Securities carried at \$123,221,866.60 are pledged to secure U. S. Government Deposits and other Public Funds and for other purposes as required or permitted by law.

Assets are shown NET after deducting Valuation Reserves.

Ohio's Largest Bank  
welcomes individuals and corporations  
seeking new or additional banking services.

#### 62 CONVENIENT OFFICES

Northern Ohio:  
Painesville • Willoughby • Bedford • Solon  
Lorain and  
Everywhere in Greater Cleveland  
COMMERCIAL • SAVINGS • TRUSTS

Largest branch banking system between New York and California

733,806 SAVINGS AND CHECKING DEPOSITORS

Member: Federal Deposit Insurance Corporation

Federal Reserve System

**At last!**

# THE GREAT GILDERSLEEVE

## on TV

**25,000 fan letters**

**hailed its TV sneak preview...**

**now The Great Gildersleeve Comedy Series  
is ready to sell for YOU!**

With no advance warning, "The Great Gildersleeve" was sneak-previewed in a half-hour period on the NBC Television Network. *More than 25,000 enthusiastic letters, many signed by every member of the family, clamored for Gildy as a regular TV attraction.*

"The Great Gildersleeve", after 13 big years on radio, is at last a TV comedy series... with *extra-special* values for advertisers:

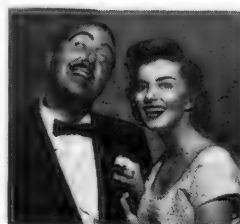
- a well-loved personality
- a family approach
- all-out merchandising support

Act fast to make sure Gildersleeve cuts his comic capers in *your* behalf... first!  
Write, wire or phone now!

## NBC FILM DIVISION

serving **all** sponsors  
serving **all** stations

30 Rockefeller Plaza, New York 20, N. Y.  
Merchandise Mart, Chicago, Ill.  
Sunset & Vine, Hollywood, Calif.  
In Canada: RCA Victor, 225 Mutual St.  
Toronto; 1551 Bishop St., Montreal





*Ask*

## The Bank of Nova Scotia

*about Canada...*

Since 1832 "Ask The Bank of Nova Scotia" has been open sesame to authoritative information and expert guidance on matters of finance and banking.

For all those with business interests in Canada, The Bank of Nova Scotia offers complete banking facilities and information. Just ask The Bank of Nova Scotia!



NEW YORK OFFICE  
37 Wall Street

GENERAL OFFICES  
44 King St. W., Toronto

LONDON OFFICE  
108 Old Broad St.

## Gifts of Life Insurance

(CONTINUED FROM PAGE 57)

surviving the 3-year period is worth taking.

Problems will continue to arise even for those who outlive the 3-year period if the donors continue to pay the premiums. Each year's premium constitutes a gift, and those made during the three years immediately preceding death are likely to be found to have been in contemplation of death. Assume father takes out a policy and immediately assigns it to son. He lives slightly more than five years, paying, in all, six premiums. The last three are likely to be held to have been paid in contemplation of death. Will a portion of the insurance be taxed or only the dollar amount of the premiums? If he made the payments directly to the company then each year he bought a proportionate amount of the insurance. That was the view of the court in the Lieberman case. 50 Fed. Supp. 527, aff'd on this issue, 148 F.2d 247. It is generally accepted as sound. There an insured gave away his policy two years before his death to his wife. She paid the last two premiums. The court held the gift to have been in contemplation of death but said it would be improper to tax the full proceeds; that there should be excluded the portion of the insurance purchased by the wife and that this was to be arrived at by taking the proportion which the last two premiums bore to the total premiums paid. Thus if the insured had paid 10 premiums and she had paid 2, 2/12 would be excluded.

Now in the case suggested earlier where father paid six premiums of which only three may be treated as in contemplation of death, one-half of the proceeds would be included in father's estate. Here again donors would be well advised to select for gifts their oldest policies. If father had given a policy on which he had already paid 20 premiums and thereafter paid 6, only 3/26 of the proceeds would be taxed.

The insured ought not to pay the premiums directly. They ought to be paid by the donee, and if possible, out of the donee's own funds. If the donor furnishes the donee

(CONTINUED ON PAGE 136)



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**ROBERT E. WOOD**  
Chairman, Finance Committee,  
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# 1st

## The First National Bank of Chicago

### Statement of Condition June 30, 1955

ASSETS	
Cash and Due from Banks . . . . .	\$ 561,605,715.29
United States Government Obligations . . . . .	845,753,646.09
Other Bonds and Securities . . . . .	145,450,232.50
Loans and Discounts . . . . .	1,238,845,204.12
Real Estate (Bank Buildings and Adjacent Property) . . . . .	1,600,973.74
Federal Reserve Bank Stock . . . . .	6,150,000.00
Customers' Liability Account of Acceptances . . . . .	1,589,865.42
Interest Earned, not Collected . . . . .	7,377,478.31
Other Assets . . . . .	1,503,290.90
	<u>\$2,809,876,406.37</u>

LIABILITIES	
Capital Stock . . . . .	\$ 100,000,000.00
Surplus . . . . .	105,000,000.00
Undivided Profits . . . . .	7,342,113.27
Discount Collected, but not Earned . . . . .	2,647,058.31
Dividends Declared, but Unpaid . . . . .	2,000,000.00
Reserve for Taxes, etc. . . . .	25,985,678.88
Liability Account of Acceptances . . . . .	1,840,059.86
Time Deposits . . . . .	\$ 535,289,149.91
Demand Deposits . . . . .	1,770,082,486.58
Deposits of Public Funds . . . . .	259,689,403.17
Liabilities other than those above stated . . . . .	456.39
	<u>\$2,809,876,406.37</u>

United States Government obligations carried at \$321,015,756.02 are pledged to secure United States Government and other public deposits, trust deposits, and for other purposes as required or permitted by law.



**Building with Chicago  
since 1863**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

...of interest to bankers, too!

(CONTINUED FROM PAGE 134)

with the funds, all the old questions of indirect payment will arise. It seems clear that, if the funds are given to the donee for the express purpose of paying the premiums, the donor may be held to have paid them for contemplation-of-death purposes. On the other hand, if cash or property gifts are made that are in no way tied to the premium liability, the donor should not be found to have paid premiums indirectly just because the money was once his.

### Life Insurance Trusts

Should the insurance be assigned outright to wife or son, or should it be put in trust? The objection to any outright gift of a substantial amount is that it subjects the gift property to tax on the death of the donee. An outright gift of a \$100,000 face amount policy to son will ultimately increase his death costs by subjecting this fund to tax in his estate. If the policy were put in trust, no portion of the fund need be taxed when son dies.

Are there objections to a trust? If father were to fund the trust with securities producing sufficient income to pay the annual premiums, he would be taxed on this income even though he paid a gift tax to get rid of the securities. Any trust income used to pay premiums on the life of the grantor is taxed as income of the grantor. I.R.C. Sec. 677(a)(3). For this reason, these trusts are rarely, if ever, used. If father transfers only the policy to the trust and thereafter pays the premiums, the premium payments may not qualify for the annual \$3,000 exclusion (\$6,000 if the donor is married), since they may constitute gifts of future interests. This result may be avoided by giving the son an absolute power of withdrawal, i.e., a power to destroy the trust at will. But such a power would make the trust corpus taxable as part of son's estate. Hence it is a question of whether to forfeit the annual exclusions or free the proceeds from the donee's taxable estate. Sometimes one objective will be desired, sometimes the other. But in either event an insurance trust may be found desirable because (1) it will avoid any risk that the transfer may be held a sham and (2) the trust may be so drawn as to eliminate any possibility of reverter.

FOR QUALITY PROPERTY INSURANCE SEE YOUR HOMETOWN AGENT!

my home is filled with friends . . .



Look around you, in your own home. You, too, are surrounded by familiar names—brand names you can trust. You bought because you had faith in the integrity of the dealer, confidence in the skill and honesty of the maker.

**Be As Wise When You Buy Property Insurance**

Insurance, more than most things, is bought on faith. You'll never know how truly good it is until it is time to collect.

**Be wise—buy the best!**  
Go to a reputable local expert—your agent or broker of The Home Insurance Company—and take his advice.

**THE HOME Insurance Company**  
ORGANIZED 1853

Home Office: 59 Maiden Lane, New York 8, N. Y.  
FIRE • AUTOMOBILE • MARINE

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds

A stock company represented by over 40,000 independent local agents and brokers

The local Home Insurance agent sells property protection. The property so protected very often figures importantly in banking transactions between his insurance client and your bank.

If the property is covered by The Home Insurance Company, rest assured it's the *very best* insurance available. It is to the interest of both bank and borrower to specify Home. Your local agent will be glad to cooperate.

This advertisement appears in color in:

U. S. News & World Report — Aug. 19  
Better Homes and Gardens — Sept.  
American Home — Sept.  
Nation's Business — Aug.  
Town Journal — Aug.  
Business Week — Aug. 13  
Newsweek — Aug. 8  
Time — Aug. 8

## Drive-Ins

(CONTINUED FROM PAGE 55)

to avoid formation of depressions under the wheels, which will develop in "black top" or asphalt.

(5) Assuming that the counter back of the window is at the standard level, 42" above the floor, and that the top of the deal-tray is 2" below the counter-top, grade of the roadway should be about 2" above ground-floor level in order that the tray may be easily reached from low-slung cars.

(6) When two or more windows are to serve a single lane, they should be at least 22 ft. apart, center to center, but if the drive-way has two lanes and cars are to cut out from a rear window to pass the car ahead, the distance between windows should be at least 32 ft. Unless driving conditions are favorable, drive-up windows will be more bother to customers than they are worth; therefore, such arrangements as dead-end stations, where the driver has to back out, should be avoided.

(7) Clearance from the roadway to the underside of a canopy or second floor over the drive should be at least 9 ft. to avoid damage by delivery wagons, and a sign stating the clearance should be posted at the entrance to the drive-way.

(8) Where the window faces the sun, a canopy should be extended far enough to protect the teller from undue glare, or a porte cochère should be provided.

(9) Deal-tray, when in the extended position, should be brightly lighted from overhead so that customer may clearly see the contents.

(10) Wherever possible, drive-up windows should be so located in a wall of the bank building that the tellers will share the regular working space with the tellers serving the interior wickets, thus giving them ready access to record files and permitting convenient relief and supervision. Detached booths, even when connected with the main building by pneumatic tubes and a tunnel or overhead passageway, should be considered only when there is no alternative.

Now, turning to consideration of the arrangement of the counter back of the drive-up window, there should not be any projection above

the counter level such as was built into some of the old-style windows.

The deal-tray should slide out 10" or 12" and may be either manually or electrically operated, the latter being an expensive and unnecessary feature. An electric heater and defrosting unit, on the other hand, should be included.

### Related Services

Related to "drive-up" or "drive-in" banking is the "walk-up" service, which applies in most cases to early and late hours when the bank itself is closed. In districts where there is a large baby-carriage trade, the walk-up window is staffed also during regular banking hours in order to save mothers from either bringing the carriages indoors or leaving them unattended on the sidewalk.

Enough has been written on this subject to make it evident that a banker who is considering the advisability of installing drive-up or walk-up windows cannot be guided by generalities, but should obtain the advice of someone who has observed the actual operation of units of different designs under a variety of conditions.

It is worth repeating that, unless a thoroughly practical layout can be evolved for drive-in or drive-up facilities, none should be provided. The utmost forethought should be applied to the project in order to avoid the possibility of any reasonable complaint by the bank's customers.

Any installation, however simple it may seem to be, should be based on a well studied plan showing, in detail, all of the elements involved, both inside and outside of the banking quarters.

*A planner, says the Government, can always find good use for extra money. Well, son, so can a taxpayer.*

*A young man ate 22 weiners at one sitting. We wish we could do something great like that.*

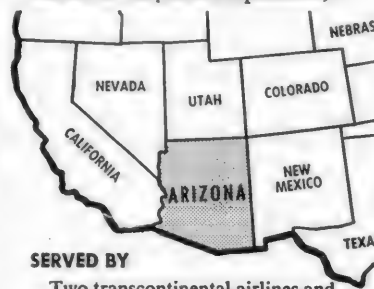
*In the old days it was the British Lion. Now it's the Stars and Stripes.*

Foreign travel will not only broaden 500,000 tourists this summer but will also flatten them.

# ARIZONA

*Crossroads of the Great Southwest*

(and heart of the new industrial-dispersal expansion)



### SERVED BY

Two transcontinental airlines and railroads; two regional airlines and four major cross-country highways.



Home Office:  
PHOENIX

*Largest Bank in the Rocky Mountain States*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

LEADING  
INDEPENDENT  
AND CHAIN  
BANKS  
Now  
Specify

HOLDS  
\$125  
to \$500

## COIN CHANGER

*"The Lowest Priced Modern Changer"*

Over one quarter of the nation's leading banks now using. More than 450 in use in one large Western bank chain. Simplifies change handling. Sturdy aluminum, gray hammertone finish. Parts and workmanship guaranteed.

A TRIAL WILL CONVINCE YOU.  
See your dealer or write factory  
for 15 day free trial.

With roll-out base—\$22.50 extra,  
plus tax. (Model 1107 with silver  
dollar key—\$70, plus tax)

MP  
MARTAL PRODUCTS ENGINEERING INC.  
4000 Long Beach Ave., Los Angeles 58, Calif.



## Empire in the Making

Water from the Grand Coulee is pouring into the Columbia Basin of Washington State, turning barren country into rich, fertile acreage—more than a million acres, when fully developed, adding more than \$200 million to the nation's farm production, and supporting a population in excess of 250,000.



## Corporate Funds

(CONTINUED FROM PAGE 52)

discovered, the company sued the local bank for the \$25,000 involved. The local bank was held liable for improperly taking corporate funds, notwithstanding the resolution that had been given it which extended the broadest powers possible to the dishonest treasurer. The court said the overdraft on the personal account, immediately followed by a corporate check for the same amount, gave constructive notice of irregularity.<sup>4</sup>

When you, as a conservative banker, read cases like these, you unquestionably feel your bank would never be guilty of such practice. You would, of course, have sensed that the man was improperly siphoning corporate funds to his personal benefit. Probably so. Very likely, the loaning officers of these banks felt similarly just before becoming a part of banking history.

### Bankers Should Know Better!

While the law of diversion of corporate assets is basic and provides the rationale for the decision, there is another element in the cases where a bank receives a check of a corporation not indebted to it. The courts feel that bankers are held to a higher sense of responsibility than are ordinary individuals. In other words, bankers should know better!<sup>5</sup>

Reviewing the cases, it seems to me that the reasons which cause a bank to be taken in so easily in this situation are:

(a) The banker is usually dealing with a top level corporate officer of a company which is usually its customer and very often an important one.

(b) The corporate representative is normally in a position of extreme trust and given wide financial latitude by his own board of directors. This makes questioning embarrassing and apparently unnecessary.

(c) Bank officers, like other peo-

(CONTINUED ON PAGE 140)

<sup>4</sup> *People ex rel. Nelson v. Peoples Loan & Trust Co.*, 235 Ill.App. 552.

<sup>5</sup> For a good example of a court's emphasis on the difference between "a private transaction between individuals" and one "in the banking business," see *Melano et al v. Sheridan Trust and Savings Bank*, 242 Ill.App. 362, at 369.

## Statement of Condition

AT CLOSE OF BUSINESS JUNE 30, 1955

### RESOURCES

Cash and Due from Banks . . .	\$170,230,789.00	
U. S. Government Securities . .	179,129,459.21	
Obligations of Federal Agencies . . . . .	12,746,148.73	
State and Municipal Securities .	77,566,632.79	
Other Bonds and Securities . . .	1,597,105.00	\$441,270,134.79
Loans and Discounts . . . . .		348,626,151.72
Federal Reserve Bank Stock . . .		1,080,000.00
Bank Buildings, Vaults, Furniture and Fixtures, etc. . . . .		8,292,080.90
Interest Earned Not Received . .		2,495,508.78
Customers' Liability under Letters of Credit and Acceptances . . . . .		3,598,529.30
<b>TOTAL</b> . . . . .		<b>\$805,362,405.49</b>

### LIABILITIES

Capital Stock . . . . .	\$ 16,000,000.00	
Surplus . . . . .	20,000,000.00	
Undivided Profits . . . . .	17,865,697.36	\$ 53,865,697.36
Reserves for Interest, Taxes, etc. . . . .		3,861,389.48
Discount Collected Not Earned . . . . .		4,241,758.29
Letters of Credit and Acceptances . . . . .		3,598,529.30
Deposits . . . . .		739,795,031.06
<b>TOTAL</b> . . . . .		<b>\$805,362,405.49</b>

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

61 STATEWIDE OFFICES



Washington's Statewide Banking System Serves This Busy Corner of America

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EARL D. DORAN	RUSSELL MILLER	GEORGE VAN WATERS
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	W. G. REED	



# What a Mississippi Banker Says About Burroughs' ABC Plan

## "IMPROVES BOOKKEEPERS' MORALE 100%"



Saves time, increases efficiency, and makes balancing far easier—that's the bookkeepers' report on these five new Sensimatics.

### WHAT WE MEAN BY OUR "ABC PLAN"

The Burroughs ABC Plan (Account Balance Control) is a new plan of bookkeeping control which, when used with our exclusive Sensimatic machine principle, gives you . . .

- proof of account balances before they are printed on customers' statements
- automatic error detection
- systematized error correction
- positive balancing of each posting run

For complete information, call our nearest office.

OBVIOUSLY, LIKE THE MORE THAN 500 OTHER BANKS NOW USING THE BURROUGHS ABC PLAN, THE COMMERCIAL NATIONAL BANK OF GREENVILLE COUNTS THE ADOPTION OF THIS PLAN AS A REAL STEP FORWARD. COULDN'T YOUR BANK PROFIT FROM IT?

"Burroughs" and "Sensimatic" are trade-marks

Several months ago, The Commercial National Bank of Greenville brought something new to Mississippi: With the installation of five Sensimatics, it introduced the Burroughs Account Balance Control Plan.



C. D. McCaddon

Here's a report from Cashier C. D. McCaddon:

"Since we installed these machines, and the Burroughs ABC Plan, the morale of our bookkeepers is 100% improved. They no longer look on their work as drudgery—in fact, they tell us they actually enjoy it.

"As for the work, we've noted this: It used to take as much as two hours to balance accounts—and even then we weren't sure they were correct. Now, the bookkeepers can balance in thirty minutes—and *know* they're correct. We save a lot of time, and have greatly reduced the number of statements that have to be done over.

"With this new ABC system, it's much easier for us to train bookkeepers. They like the machine, and especially the automatic error detection and the positive balancing. Matter of fact, we can train a new operator to post and balance within a week—and it used to take months.

"Finally, I might add that we like the idea of having a bookkeeper balancing record that fixes responsibility for errors . . . it helps the supervisor tremendously."

WHEREVER THERE'S BANKING THERE'S BURROUGHS



(CONTINUED FROM PAGE 138)

ple, often wrongly equate corporate assets with personal assets in the case of individually and closely held corporations. Of this, more later.

The impact of these three facts often causes the banker to assume that what the man is doing has been authorized by the corporation. As a matter of fact, it would be very difficult for a corporation to extend its approval to such use of corporate funds by any of its personnel.<sup>6</sup>

<sup>6</sup> 3 Fletcher, *Corporation*, 673 (1947 ed.).

So far we have talked of intentional wrongdoing, but banks can be damaged also by wholly innocent use of corporate funds. In small businesses run as a corporate structure, the operator is usually the majority or sole stockholder and principal officer. As a result, he tends to treat the corporation as *his*, its banking account *his* banking account. To save carrying two separate checking accounts, he uses the corporate account. Hence, he draws its checks to pay instalments on his

home mortgage or on his automobile mortgage.<sup>7</sup> The business community generally falls into this thinking and considers the J. Jones Company as a small retail establishment with old John as the entire business.

### No Dishonesty

But, should J. Jones Company fall into bad times, its creditors and minority shareholders, if any, can force the transferee of the corporate checks used to pay individual debts to disgorge the payment. Here there is no dishonesty; yet the banker involved can be hurt.

Some states have adopted the Uniform Fiduciaries Act, prepared by the National Conference on Uniform State Laws. This act protects depositories of fiduciary funds under certain circumstances. While litigation under the act has not been too extensive in the states where it has been enacted, its effect has been, in the words of the Court of Appeals for the District of Columbia, "to enlarge the ability of fiduciaries to avoid the limitations imposed by the common law, although the liabilities of the fiduciaries as such are not affected, but only those of persons dealing with them."<sup>8</sup>

### Guideposts for Conduct

To summarize, there appear certain general guideposts for dealing with this problem:

- (1) Accept on no individual debt checks which are drawn payable to your bank on corporate funds.
- (2) Ascertain that the funds presented in payment are personal funds, as when drawn against the individual's account. For example, a properly drawn corporate check to the order of the individual, such as a payroll check, could be personal funds and thus acceptable.
- (3) Remember that a bank taking an instrument of the type under discussion may be charged with constructive knowledge and denied the status of a holder in due course although it takes wholly innocently.
- (4) Determine whether yours is one of the 19 states in which the Uniform Fiduciaries Act has been adopted and consider with your counsel whether you are availing yourself of its protection.

<sup>7</sup> See *Wall Street Journal*, May 13, 1955, p. 1, for discussion of executive autos sold on credit, entitled "Cadillacs on Credit."

<sup>8</sup> *Colby v. Riggs Nat. Bank*, 92 F.2d 183, at 188.

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Established 1912

Cable address for all offices — *Bancoquia*

Capital paid-up	\$20,900,000 — Pesos Colombian.
Legal reserves	\$18,100,000 — Pesos Colombian.
Other reserves	\$12,050,000 — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (2), BOGOTA (5), Bucaramanga, Cali (2), Cartagena, Cartago, Cúcuta, Girardot, Ibagué, Magangué, Manizales, Medellín (2), Montería, Neiva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta, Sincelejo, Socorro, Vélez (S).

New York Representative—Henry Ludek, 40 Exchange Place, New York 5, N. Y.

# State Supervisors and Bank Mergers

AFTER the testimony on bank mergers given by Federal Reserve Board Chairman William McC. Martin (see caption with picture on page 103 of July BANKING), a statement was issued by Grant L. Robison, president, National Association of Supervisors of State Banks, and Nevada superintendent of banks. Mr. Robison said, in part:

"If I understand Mr. Martin correctly, he recommends that the approval of a Federal agency should be required before any mergers or consolidations of banks, whether national or state, could become effective. For state banks which are members of the Federal Reserve System, the Federal Reserve Board would approve or disapprove. The Federal Deposit Insurance Corporation would act when nonmember state banks are involved, while the Comptroller of the Currency would deal with national bank mergers or consolidations. . . .

"Mr. Martin has apparently overlooked the fact that such a program would be an invasion of state sovereignty and would place the state bank supervisors in an inferior position.

"On behalf of the members of the National Association of Supervisors of State Banks, . . . I take strong exception to his recommendations as they affect state-chartered institutions.

## Dual System

"In this country we have a dual banking system. The authority of the state supervisors is parallel, not subordinate, to that of their opposite numbers in the Federal system. In all mergers or consolidations where the continuing institution is to operate under state charter, the appropriate state banking official should have sole control. . . .

"State supervisors may be expected to be more familiar with the condition of state chartered banking institutions and the problems facing them than any Federal agency situated, in some instances, as much as 3,000 miles away. They also would be in closer touch with the public need for bank services and credit. . . .

"It is to be hoped that much more study will be given to this entire

subject, before the Congress takes a step which will strike a crippling blow at the dual banking system

and the doctrine of states' rights to which Federal officials are wont to give lip service."



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Licensed Under  
THE FOREIGN EXCHANGE  
BANK LAW

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Tokyo, Yokohama, Nagoya, Osaka  
Kobe and other main cities in Japan  
OVERSEAS BRANCHES:  
London, New York, Hamburg, Calcutta  
Bombay, Karachi, Hong Kong

AFFILIATE:  
THE BANK OF TOKYO of CALIFORNIA  
San Francisco & Los Angeles

THE BANK OF TOKYO, LTD.  
(THE former YOKOHAMA SPECIE BANK)  
Head Office: Tokyo, Japan

# IDEAS for READERS

*A special service of BANKING'S Readers' Information Bureau*

*You are invited to send inquiries for further information about any of the items reported in this department, or any other products of interest to your bank or its clients, to Readers' Information Bureau, Banking, 38 S. Dearborn Street, Chicago 3, Ill.*

## **Christmas Club and Lending Operations Simplified**

An Underwood Samas System, developed in cooperation with Christmas Club, is now handling bi-weekly Christmas Club accounts at the rate of 400 per minute at the Bank of Manhattan, New York.

Coupon operations are performed automatically by three Underwood Samas units: sorter, tabulator and interpolator, handled by a single employee. Using the usual pre-punched stub-type coupon book, the system is readily understood by depositors. Work cards and their attendant handling are eliminated.

Another application of Underwood-Samas equipment is for consumer credit and loan accounting.

*Complete information from:* Underwood Corporation, One Park Avenue, New York 16.

## **New Fireproof Desk for Checking Account Ledgers**

A new fireproof desk with pull-up trays for housing checks brings work 7½ inches closer to the operator and speeds removal and return of every account.

Trays may be pulled out together



or individually and can be angled in any direction. Drawers pull entirely clear of the cabinet to permit unobstructed reference to contents.

*Further information from:* Shaw-Walker Company, Muskegon, Mich.

## **Two-way Help for Customers**

The Marshall and Ilsley Bank of Milwaukee has found a way to help both a manufacturing client and those interested in his products.

Here's how the bank displayed the Mueller Climatrol, year 'round heating and cooling units in its open area. The display is on a revolving base and suggests an excellent



method of joining bank and client merchandising for better service for all.

Similar displays, changed frequently, would serve to remind bank clients of the institution's service. Even display racks for manufacturers' informational pieces would be a welcome help to all clients.

## **An Air Force Display**

The Houston National Bank, Houston, Texas, made capital use of the lobby display idea when, in connection with Armed Forces Week, it set up a poster and mannequin "show" to illustrate Air Force global operations.

Worked out in cooperation with the chamber of commerce, the dis-

play used two life-size mannequins, one wearing the women's uniform, the other the flight suit of jet pilots. Michael Murphy, assistant vice-president of the bank, is deputy chairman of the chamber's military affairs committee.

## **Mobile Record Storage Saves Aisle Space**

Special steel transfer files which are interlocked and mounted on mobile bases fitted with grease-packed ball-bearing wheels which move sideways easily on tracks are said to permit the addition of 30 to 70% more transfer files.

Several mobile rows are placed in front of a fixed row, each mobile row containing one unit less than the fixed row. Aisle space is thus reduced to only one aisle for every seven or more rows of files, the aisle space being used for filing units.

Even large mobile units can be moved with little effort so that all files are instantly available.

*Manufactured by:* Mobile Storage Division, Dolin Metal Products, Inc., 323-82 Lexington Ave., Brooklyn 16, N. Y.

## **Monroe Offers 34 Punched Tape Accounting Machines**

Fourteen different models of bookkeeping machines and 20 models of adding machines were recently announced in the Monroe line of punched-tape accounting equipment.

Punched tape, the new common language of accounting, automatically duplicates postings on the Monroe Auto-Punch Bookkeeping Machine to the tape which can then be fed automatically into other office machines such as the teletype, tape-to-card punch, or Flexowriter. Tapes can be mailed or stored and used over and over.

The Monroe Auto-Punch Adding Machine operates as a regular full

(CONTINUED ON PAGE 144)



# Continental Illinois National Bank and Trust Company of Chicago

## BOARD OF DIRECTORS

WALTER J. CUMMINGS  
*Chairman*

J. Q. ADAMS  
*Real Estate*

CARL A. BIRDSALL  
*President*

CHAUNCEY B. BORLAND  
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Properties*

CHAMP CARRY  
*President, Pullman Incorporated*

ALFRED COWLES  
*Cowles Properties*

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JOHN HOLMES  
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Swift & Company*

THEODORE V. HOUSER  
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Sears, Roebuck and Co.*

JAMES R. LEAVELL  
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WILLIAM H. MITCHELL  
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ROBERT H. MORSE, JR.  
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H. A. SCANDRETT  
*Railroad Executive, retired*

FRANK F. TAYLOR  
*Banker*

HERMAN WALDECK  
*Banker*

## Statement of Condition

JUNE 30, 1955

### RESOURCES

Cash and Due from Banks.....	\$ 557,095,701.31
United States Government Obligations...	1,010,789,880.72
Other Bonds and Securities.....	178,848,077.41
Loans and Discounts.....	749,592,807.36
Stock in Federal Reserve Bank.....	6,000,000.00
Customers' Liability on Acceptances.....	1,033,731.36
Income Accrued but Not Collected.....	8,706,340.50
Banking House.....	7,950,000.00
	<u>\$2,520,016,538.66</u>

### LIABILITIES

Deposits.....	\$2,269,410,557.79
Acceptances.....	1,033,731.36
Dividend Payable, August 1, 1955.....	2,250,000.00
Reserve for Taxes, Interest, and Expenses.	9,037,582.61
Reserve for Contingencies.....	18,104,557.84
Income Collected but Not Earned.....	1,132,406.46
Capital Stock (2,250,000 shares. Par value \$33½).....	75,000,000.00
Surplus.....	125,000,000.00
Undivided Profits.....	19,047,702.60
	<u>\$2,520,016,538.66</u>

United States Government obligations carried at \$256,907,513.51  
are pledged to secure public and trust deposits and for other-  
purposes as required or permitted by law

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(CONTINUED FROM PAGE 142)

keyboard machine, simultaneously punching and coding in tape as it prints the figures on standard or wide-form adding machine paper. Punched tape can be added to any current model Monroe bookkeeping or full keyboard adding machine.

Complete information available from: Monroe Calculating Machine Co., Inc., Orange, N. J.

### Photographs Check, Passer, Identification

A new Security Electronic Camera which photographs the check, check-passer, and identification all at the same time when bank teller or retail clerk presses a button.

Said to be the first such security device offered for sale, the camera provides a permanent record of all check transactions and helps thwart bad-check artists who would not be in favor of having their pictures taken in the act of passing resilient paper.

Product of: Security Electronics Corp., 589 Fifth Ave., New York City.

### Method for Making Prints From Recordak Films

The Recordak Rapid Facsimile Kit makes it possible for banks to speedily turn out their own enlarged reproductions of microfilm images at low cost.

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Complete information can be obtained from: Recordak Corporation, 444 Madison Ave., New York 22, N. Y.

### Rapid Facsimile Kit



MIT

Dividend Announcement

## Massachusetts Investors Trust

DECLARES ITS

### 123<sup>rd</sup> Consecutive Dividend

25 cents a share, from net income, payable July 26 to shareholders of record June 30, 1955.



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Secretary

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### BANKING'S NEWSLETTER

12 East 36th Street—New York 16, N. Y.



# THE CHASE MANHATTAN BANK

STATEMENT OF CONDITION, JUNE 30, 1955

## RESOURCES

Cash and Due from Banks . . . . .	\$1,808,126,521
U. S. Government Obligations . . . . .	1,612,671,157
State, Municipal and Other Securities . . . . .	577,610,042
Mortgages . . . . .	133,444,436
Loans . . . . .	3,106,360,183
Accrued Interest Receivable . . . . .	18,242,167
Customers' Acceptance Liability . . . . .	95,103,893
Banking Houses . . . . .	57,388,430
Other Assets . . . . .	12,862,821
	<u>\$7,421,809,650</u>

## LIABILITIES

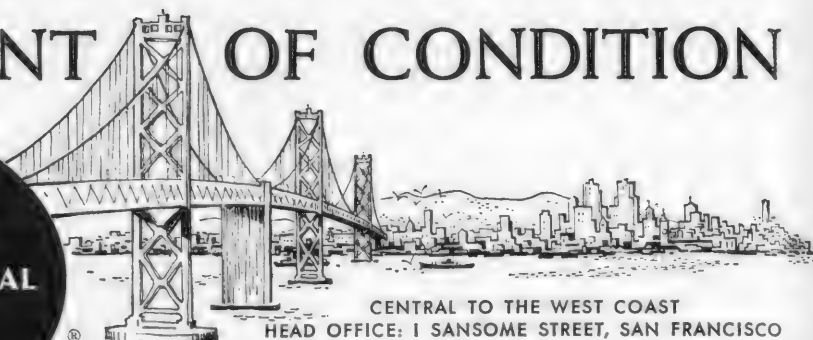
Deposits . . . . .	\$6,712,185,361
Foreign Funds Borrowed . . . . .	16,087,325
Reserve for Taxes . . . . .	23,653,485
Other Liabilities . . . . .	38,733,514
Acceptances Outstanding . . . . .	\$111,590,273
<i>Less: In Portfolio</i> . . . . .	<u>10,947,813</u>
General Reserve for Securities . . . . .	12,125,501
Capital Funds:	
Capital Stock . . . . .	\$150,000,000
(12,000,000 Shares—\$12.50 Par)	
Surplus . . . . .	300,000,000
Undivided Profits . . . . .	<u>68,382,004</u>
	<u>518,382,004</u>
	<u>\$7,421,809,650</u>

United States Government and other securities carried at \$560,475,543.54 were pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

# STATEMENT OF CONDITION

## ANGLO CALIFORNIA NATIONAL BANK



CENTRAL TO THE WEST COAST  
HEAD OFFICE: 1 SANSOME STREET, SAN FRANCISCO

### DIRECTORS

FRED W. ACKERMAN, *President,*  
*Pacific Greyhound Lines*

FRED B. BAIN, *President,*  
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OTHMAR BERRY, *President,*  
*Berry Oil Company*

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*Downey, Brand, Seymour & Robwer*

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ALLARD A. CALKINS,  
*Member of the Executive Committee*  
*and Retired Chairman of the Board*

HARRY F. CAMP, *President,*  
*Harry Camp Millinery Company*

WM. HERBERT CARR,  
*Vice President and Treasurer,*  
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*Director and former Chairman,*  
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*First Vice President*

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*Western Department Stores*

CHARLES L. WHEELER,  
*Special Vice President,*  
*Pope & Talbot, Inc.*

HERMAN WOBBER,  
*Twentieth Century-Fox Film Corporation*

### ASSETS

	June 30, 1955	June 30, 1954
<b>CASH AND SECURITIES</b>		
Cash and Due from Banks . . . . .	\$160,028,947.09	\$155,371,834.18
United States Government Securities . . . . .	302,976,955.64	250,730,474.43
State and Municipal Securities . . . . .	61,840,304.07	51,990,161.31
Other Bonds and Securities . . . . .	14,075,552.63	8,379,708.25
TOTAL . . . . .	\$538,921,759.43	\$466,472,178.17
<b>LOANS</b>		
Commercial Loans . . . . .	\$160,860,835.74	\$141,882,698.29
Real Estate Loans . . . . .	124,618,883.37	95,088,100.52
Automobile Installment Loans . . . . .	64,254,519.41	59,650,357.46
Personal and Improvement Loans . . . . .	36,313,322.11	27,415,300.44
	\$386,047,560.63	\$324,036,456.71
Less: Reserve for Possible Loan Losses . . . . .	6,200,858.62	5,324,246.11
TOTAL . . . . .	\$379,846,702.01	\$318,712,210.60
<b>OTHER ASSETS</b>		
Accrued Income Receivable . . . . .	\$ 3,461,866.14	\$ 3,072,650.03
Stock in Federal Reserve Bank . . . . .	1,575,000.00	1,149,000.00
Bank Premises and Equipment . . . . .	9,959,286.64	8,311,201.68
Other Real Estate Owned . . . . .	57,280.30	56,897.44
Customers' Liability under Letters of Credit and Acceptances . . . . .	9,633,661.89	7,253,770.60
Other Assets . . . . .	970,947.06	1,415,208.63
TOTAL . . . . .	\$ 25,658,042.03	\$ 21,258,728.38
<b>TOTAL ASSETS</b> . . . . .	<b>\$944,426,503.47</b>	<b>\$806,443,117.15</b>

### LIABILITIES

<b>DEPOSITS</b>		
Demand Deposits . . . . .	\$415,118,552.95	\$359,761,075.47
Time Deposits . . . . .	333,667,498.61	282,967,466.34
United States Government Deposits . . . . .	21,494,331.42	22,167,049.51
Other Public Deposits . . . . .	88,962,371.36	75,814,184.61
TOTAL . . . . .	\$859,242,754.34	\$740,709,775.93
<b>OTHER LIABILITIES</b>		
Dividends Payable . . . . .	\$ 1,575,000.00	\$ 1,000,000.00
Income Collected in Advance . . . . .	7,349,480.90	5,539,108.76
Letters of Credit and Acceptances . . . . .	9,633,661.89	7,253,770.60
Accrued Interest, Taxes, Other Expense . . . . .	3,781,993.83	4,722,723.60
TOTAL . . . . .	\$ 22,340,136.62	\$ 18,515,602.96
<b>CAPITAL ACCOUNTS</b>		
Capital Stock . . . . .	\$ 26,250,000.00	\$ 20,000,000.00
Surplus . . . . .	26,250,000.00	18,300,000.00
Undivided Profits . . . . .	6,977,366.56	6,632,980.98
Unallocated Reserves . . . . .	3,366,245.95	2,284,757.28
TOTAL . . . . .	\$ 62,843,612.51	\$ 47,217,738.26
<b>TOTAL LIABILITIES</b> . . . . .	<b>\$944,426,503.47</b>	<b>\$806,443,117.15</b>

On June 30, 1955, securities carried at \$152,403,915.73 were pledged to secure trust deposits. United States Government and other public deposits, as required by law. On June 30, 1954, securities so pledged amounted to \$128,171,392.32.

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OAKLAND • OILDALE • PALO ALTO • RED BLUFF • REDDING • SACRAMENTO • SAN FRANCISCO • SAN JOSE • STOCKTON • TAFT • VALLEJO • WEST SACRAMENTO • YREKA





Miss Dent, at the new Salem School in Berwick, Pa., is assisted by six happy children during the "audience participation" phase of her school savings program

## Teaching Kids to Save

GETTING better acquainted with school children, from kindergarten through the senior high school level, through talks on school banking, is a privilege and opportunity quickly recognized by those who are engaged in this exciting work. As I climb the steps to a school, whether it is a modern new structure embodying all the best features of functional architecture, or a two-room country school, heated by an old-fashioned stove, I know that it will be a rewarding experience.

An example of this on a recent visit to the schools in a large Pennsylvania city:

Early in my program I sensed a peculiar sort of detachment in the youngsters. All of them seemed to be trying to stretch their necks to see out windows looking down an alley. I tried to get their attention, but it was given only half-heartedly, and on throwing out a look of appeal to the teacher, she came over and said: "The children are so excited, they are watching for the elephants, you know!" Well, I didn't know—but I soon found out.

It seems there was a circus in town, and the elephants were quartered in a garage down the alley. Suddenly here they came, and with a whoop and a holler, all the children dashed to the windows, including the guest of honor! Needless to say, the puppet show was an anticlimax and my talk on thrift didn't seem to have its usual punch!

Experience has shown that it is necessary, in talking to young folks on the subject of school banking, to sweeten it up a little, and our use of puppets, chalk talks, magic, etc., helps to make these talks more effective and also entertaining. Often we suggest that the children draw and name the puppets from memory after we have gone; that they put in the puppets' mouths a balloon saying: "Save Your Money—Save for a Purpose." Children love to draw, and teachers like this type of presentation. In an Illinois city this was carried out, and the posters were so effective the school sent a number of them to the bank, which placed them in a display window for the town folk to see. These signed testimonials were much appreciated by the sponsoring bank.

In another Illinois city, the principal of one of the large schools asked the younger children to write me a "thank you" letter. Around 200 letters were sent to me at the sponsoring bank. The bank in that case was so delighted that the letters were used in a window display that had great appeal.

Children take delight in writing letters to the bank, often including pictures of themselves, sticks of gum, and even pretty buttons. One bank took advantage of this opportunity for public relations, and made a most attractive scrap book of all such contributions, which was on display from time to time.

MARYE I. DENT

School Thrift, Inc., Yonkers, N. Y.

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INCREASE Efficiency**

**WITH  
Foot Comfort  
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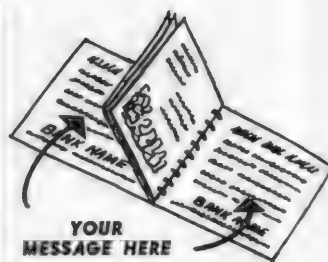
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## New Books

**CONSUMER INSTALMENT LOANS.** By *W. David Robbins*. Bureau of Business Research, Ohio State University, Columbus. 168 pp. \$3.50. This is an analysis of loans by principal types of lenders and borrowers. Dr. Robbins' study is based on original data from 18 personal finance companies operating 2,262 offices in 38 states, 22 commercial banks in 10 states, and 7 credit unions in two states. They provided information on nearly 8,000,000 consumer instalment loans, which are analyzed as to size, security, maturity. The borrowers are analyzed as to occupation, income, age, marital status, and intended use of funds.

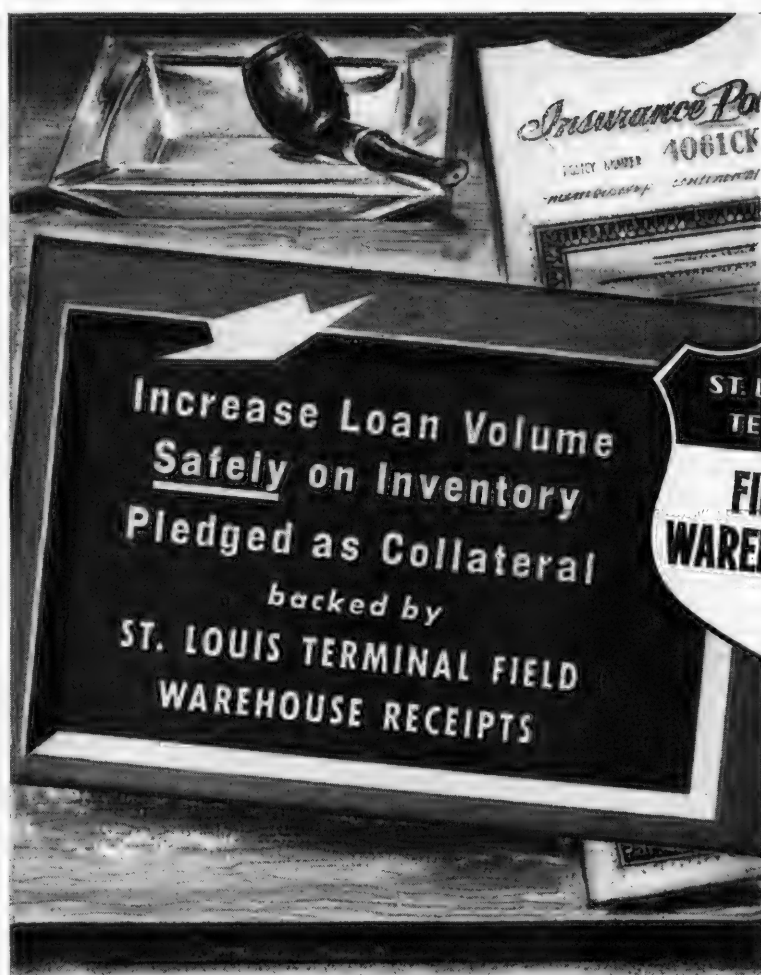
**HOW FEDERAL TAXES AFFECT LIFE INSURANCE AND ANNUITIES.** Commerce Clearing House, Chicago. 60 pp. \$1. A manual by the publisher's staff.

**ORAL COMMUNICATION IN BUSINESS.** By *David C. Phillips*. McGraw-Hill, New York. 223 pp. \$3.75. The head of the department of speech and drama, University of Connecticut, offers the basic principles for improving one's skill in dealing with people orally. There are chapters on conference procedure, leading a conference, sales presentation, interviewing, speaking on radio and television, and conducting a meeting.

**A GOODLY HERITAGE.** By *Ella Chalfant*. University of Pittsburgh Press. 226 pp. \$3. The wills of the men and women who settled in Allegheny County, Penna. The author, experienced as a librarian in Pittsburgh banks, draws on the archives for an unusual study.

**TARIFFS: THE CASE FOR PROTECTION.** By *Lewis E. Lloyd*. Devin-Adair, New York. 196 pp. \$3.50. The author shows the importance of tariffs, arguing that free trade can't work in a world of independent sovereign nations.

**MONEY AND CREDIT. Vol. I.** By *Marinos E. Constantacatos*. Athens, 1953. "The fallacious premises of the gold standard and of the credit expedients for its management." The author is a merchant.



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# The OUTLOOK

## and Condition of Business

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(CONTINUED FROM PAGE 35)

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increase is expected as crops are harvested. Some acreage restrictions are expected to reduce the financing necessary for some crops, but it seems likely that this reduction will be offset by modest increases in financing other crops. Only one banker (from Iowa) expected a decline in the volume of his agricultural loans.

All replying bankers expect the volume of total loans in the last half of this year to exceed the volume in the last half of 1954. A high and perhaps rising trend in business with some inventory accumulation are the major factors expected to result in the higher level of loans.

Stable to moderately firming interest rates are in store for the latter part of the year. Although some possibility of an increase in the prime rate was cited, most of the replying bankers expected only moderate actual increases in rates. An increased demand for funds plus a moderately restrictive Federal Reserve policy are the factors likely to account for the increasing level of rates.

### St. Louis District (8)

Business activity will follow the pattern for the rest of the country. Generally, it is expected that the current high rate of activity will be sustained throughout most of the year, although there may be a letdown sometime in the third quarter.

The textile business has been excellent and the makers of dresses and other textile-using firms believe business will be satisfactory during the remainder of the year.

The shoe industry likewise expects that a high rate of activity will be maintained.

There are few firms that view the future with any skepticism, although most of them are following a policy of caution, justified by the fact that with few exceptions they are having little trouble buying raw materials and the labor force is sufficiently large to supply most needs.

Currently there is substantial activity in the iron and steel industry, shoe industry, chemical industry, paper industry, electrical and other small manufacturing, and all lines connected with construction.

**Commercial Loans**—Commercial loans during the remainder of the year should rise by an amount greater than seasonal. This increase will be the result of the rapid expansion in industrial activity which apparently will be maintained throughout the year.

**Consumer Credit Loans**—Although the volume of

consumer credit loans is likely to decline in the next few months, the total volume of consumer credit loans outstanding can be expected to increase because many of the loans on automobiles are for 30 and 36 months. The new models of automobiles will be introduced late in the year and that may give another stimulus to consumer credit.

**Real Estate Loans**—The demand for mortgage money remains great in this area and there is little prospect of a decline for some time. Many of the banks are attempting to reduce the amount of mortgage loans which they hold in order to make funds available for short-term commercial borrowers. This policy may in the future have some effect on price paid for mortgage loans. Other lenders are, however, still in the market.

**Agricultural Loans**—Reports indicate that the demand for loans to finance the planting of the 1955 crops is large. This area has had a severe drought over the last three years and farmers have been forced to borrow money in order to plant crops.

Respondents feel that bank loans will be higher. Some anticipate that commercial loans will be from 5% to 15% above last year.

The tighter money policy has not as yet forced any general increase in interest rates charged to commercial borrowers in this area. A general increase will probably not take place until the prime rate is increased. There has been increased selectivity in the making of loans and the rates charged certain types of borrowers have increased. The rates on consumer credit loans are unchanged. There is apparently some increase in the yields on mortgages. A further expansion in the demand for loans is likely to lead to an increase in the prime rate.

### Minneapolis District (9)

Continued good business is expected in this district for the balance of this year, exceeding the 1954 figures in almost all industries.

Crop conditions at the present time in the agricultural sections are good and, given normal growing conditions from now on, the farmer should have at least as good a year this year as last.

Retail trade is holding up well, and the manufacturing business generally is enjoying a good volume.

**Commercial Loans**—While there may be some seasonal decline in certain agricultural sections of this trade area, in most parts of the Ninth District and certainly in the larger cities the banks look for an increase.

**Consumer Credit Loans**—Consumer loans have been increasing in all categories and in certain categories should continue to increase during the next six months. However, the seasonal decline in automobile sales will probably result in the present total dollar outstandings remaining about the same.

**Real Estate Loans**—Continued increase in real estate loans is expected in all sections of our territory.

**Agricultural Loans**—Agricultural loans will show a normal seasonal drop this fall with the exception of Commodity Credit Corporation paper, which will probably keep the total up.

Total loans for the last six months of 1955 should  
(CONTINUED ON PAGE 152)



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June 30, 1955

#### RESOURCES

Cash on Hand and in Banks	\$ 247,222,295.03
U. S. Government Obligations	417,432,656.35
State, County, and Municipal Bonds	68,322,402.65
Other Bonds and Securities	25,288,166.68
Stock in Federal Reserve Bank	2,400,000.00
Loans and Discounts	693,416,969.61
Bank Premises and Equipment	12,662,145.18
Other Real Estate	1.00
Customers' Liability under Acceptances	938,989.98
Accrued Interest Receivable and Other Assets	9,676,679.72
<b>Total Resources</b>	<b>\$1,477,360,306.20</b>

#### LIABILITIES

Deposits	\$1,358,009,894.33
Acceptances Outstanding	947,976.74
Reserve for Unearned Discount	9,971,350.95
Reserve for Interest, Taxes, etc.	8,735,577.07
Other Liabilities	1,809,608.47
<b>Capital Funds:</b>	
Capital Stock	27,812,500.00
Surplus	52,187,500.00
Undivided Profits	17,885,898.64
<b>Total Liabilities</b>	<b>\$1,477,360,306.20</b>

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(CONTINUED FROM PAGE 150)

exceed the 1954 figure by anywhere from 10% to 15%.

Interest rates are very firm at the present time and should show some increase during the balance of the year.

### Kansas City District (10)

Business conditions are improving, which provide a good outlook for the principal industries for the balance of 1955.

Rains throughout the district have improved the agricultural situation. This should result in improved business conditions which will create a demand for manufactured products in this trade area.

In one section it was reported that mining and oil activities were on the increase.

Cattle feeders are suffering in today's market from some slight loss, and lamb feeders had an unsatisfactory season. The sheep industry is in a critical condition because of a weak wool market and the fact that lamb is not bringing prices comparable with other food stuffs.

**Commercial Loans**—Present demand for money indicates that commercial loans will continue to increase during last half of 1955.

**Consumer Credit Loans**—Loans are expanding and while many banks are becoming more selective, they expect the volume of loans to continue to increase.

**Real Estate Loans**—Real estate loans will increase further during last half of the year.

**Agricultural Loans**—Agricultural loans are expected to make further increase, especially in the wheat areas, as there is more free wheat this year than there has been for several years.

The volume of loans will be higher than in 1954.

Interest rates are showing some increase and banks are more selective in their loans.

### Dallas District (11)

The outlook is favorable. Business activity in this area did not decline as much as in the rest of the country in the recession of 1953-1954, and recovered more quickly. The favorable outlook for business in the nation, added to the long-run growth potential of the Southwest, suggests that business in this area during the remainder of 1955 may continue to advance from the high level reached during the first half of this year. There is some concern as to whether the strong demand for residential construction and automobiles can be sustained, and both drought and acreage allotments have adversely affected agricultural income.

Nevertheless, the outlook as a whole is quite favorable.

**Commercial Loans**—The demand during the first six months of 1955 has been very strong and it is expected that similar or possibly greater strength will be evident during the balance of the year.

**Consumer Credit Loans**—Expected to increase further during remainder of the year. Again the change-over in automobile models may tend to slacken the rate of growth for a short time.

**Real Estate Loans**—Real estate markets are still firm; real estate loans should expand further. Some

tightening of terms on the part of nonbank lenders is evident, especially on longer term mortgages with little or no down payment.

**Agricultural Loans**—Although agriculture has been in a phase of readjustment in the Southwest in recent years, the probability of a good cotton crop indicates a strong seasonal demand for agricultural credit. Also many farmers are resorting to increased mechanization and irrigation, tending to increase the need for credit.

The trend of bank loans in this district is toward an increase.

Interest rates are likely to increase on practically all classes of bank loans, a trend that would be reinforced in the event of a restraining Federal Reserve policy during the rest of the year.

For some types of loans—particularly consumer credit—any tightening of credit may be reflected primarily in a tightening of terms rather than higher interest rates.

### San Francisco District (12)

The business outlook for the Pacific Northwest is excellent through the yearend. Almost without exception basic industries are operating at near record levels.

Forest products report very strong markets. Plywood output undoubtedly will set a new record again this year. Lumber demand is high, a reflection of the nationwide building boom.

Numerous expansions are under way in pulp and paper.

Defense industries anticipate modest increases in employment during the second half. Other manufacturers report high activity, particularly those engaged in producing the equipment for logging and forest products.

The agricultural sector of the economy will feel sharp curtailment of wheat output resulting from Government acreage restrictions. This will be modified in the overall picture by large fruit and vegetable crops.

Business conditions generally in the southern part of the district for the last six months of 1955 look very favorable. Almost all lines indicate that business will hold at a good level of activity. Some lines where volume has been good but profits poor, hope to improve their situation during the last quarter of the year.

**Commercial Loans**—An increase is anticipated, as much as 10%.

**Consumer Credit Loans**—There are possibilities of a moderate increase during the remainder of the year.

**Real Estate Loans**—Some slight increase is anticipated.

**Agricultural Loans**—Loans will probably decline, but not more than is normal for this season of the year.

Generally, all types of loans are higher than a year ago, and should continue to be in excess of the last half of 1954.

Interest rates appear to be firm and pressure for reductions are not as great as they were a few months ago. If there is any change, there might be a slight increase.

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